

MOBIVITY HOLDINGS CORP.  
Form S-1  
August 16, 2013

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As filed with the Securities and Exchange Commission on August 16, 2013

Registration No. \_\_\_\_\_

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

MOBIVITY HOLDINGS CORP.  
(Exact name of registrant as specified in its charter)

Nevada	3669	26-3439095
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

58 West Buffalo Street, Suite 200  
Chandler, Arizona 85225  
(866) 622-4261  
(Address, including zip code, and telephone number, including area code, of registrant's  
principal executive offices)

Dennis Becker  
58 West Buffalo Street, Suite 200  
Chandler, Arizona 85225  
(866) 622-4261  
(Name, address, including zip code, and telephone number, including area code, of agent for  
service)

Copies to:  
Daniel K. Donahue, Esq.  
Greenberg Traurig, LLP  
3161 Michelson, Suite 1000  
Irvine, CA 92612  
(949) 732-6500

Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act,

please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b2 of the Exchange Act.

Large accelerated filer [ ]

Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smallerSmaller reporting company [X]  
reporting company)

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee (2)
Common Stock, \$.001 par value per share	95,309,839 shares	\$0.62	\$59,092,100	\$8,060.17

- (1) In addition, pursuant to Rule 416 under the Securities Act of 1933, this Registration Statement includes an indeterminate number of additional shares as may be issuable as a result of stock splits or stock dividends which occur during this continuous offering.
- (2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 16, 2013

PROSPECTUS

95,309,839 Shares

Mobivity Holdings Corp.

Common Stock

This prospectus relates to shares of common stock of Mobivity Holdings Corp. that may be offered for sale for the account of the selling stockholders identified in this prospectus. The selling stockholders may offer and sell from time to time up to 95,309,839 shares of our common stock, which amount includes 30,885,007 shares to be issued to the selling stockholders only if and when they exercise warrants held by them.

The shares owned by the selling stockholders may be sold in the over-the-counter market, or otherwise, at prices and terms then prevailing or at prices related to the then-current market price, or in negotiated transactions. Although we will incur expenses in connection with the registration of the common stock, we will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders. We will receive gross proceeds of up to \$6,177,002 from the exercise of the warrants, if and when they are exercised.

Our common stock is quoted on the OTC Markets under the symbol "MFON". The last reported sale price of our common stock as reported by the OTC Markets on August 14, 2013 was \$0.60 per share.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

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The shares of common stock offered under this prospectus involve a high degree of risk. See "Risk Factors" beginning at page 3.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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The date of this prospectus is \_\_\_\_\_, 2013



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We have not authorized any person to give you any supplemental information or to make any representations for us. You should not rely upon any information about our company that is not contained in this prospectus. Information contained in this prospectus may become stale. You should not assume that the information contained in this prospectus or any prospectus supplement is accurate as of any date other than their respective dates, regardless of the time of delivery of this prospectus, any prospectus supplement or of any sale of the shares. Our business, financial condition, results of operations and prospects may have changed since those dates. The selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted.

In this prospectus, “Mobivity,” the “company,” “we,” “us,” and “our” refer to Mobivity Holdings Corp., a Nevada corporation, and its wholly-owned subsidiary, Mobivity, Inc., a Nevada corporation.

## SUMMARY

You should read this summary in conjunction with the more detailed information and financial statements appearing elsewhere in this prospectus.

## Our Company

Mobivity Holdings Corp. (“Mobivity,” “we or “us” or “the company”) is in the business of developing and operating proprietary platforms over which brands and enterprises can conduct localized mobile marketing campaigns. Our proprietary platforms allow brands and enterprises to market their products and services to consumers through text messages sent directly to the consumers’ mobile phones, mobile smartphone applications, or other solutions driven from consumers’ mobile phones. We generate revenue by charging the brands and enterprises a per-message transactional fee, or through fixed or variable software licensing fees. Our customers include national franchisers, professional sports teams and associations and other national brands such as the Los Angeles Clippers, Dallas Cowboys, Chick-Fil-A, Jamba Juice, and others.

Our executive offices are located at 58 West Buffalo Street, Suite 200, Chandler, Arizona 85225. Our phone number is (866) 622-4261. Our website address is [www.mobivity.com](http://www.mobivity.com). Information contained in, or accessible through, our website does not constitute part of this prospectus.

## The Offering

This offering relates to the offer and sale of our common stock by the selling stockholders identified in this prospectus. The selling stockholders will offer and sell the shares of our common stock at prices related to the then-current market price or in negotiated transactions. Although we have agreed to pay the expenses related to the registration of the shares being offered, we will not receive any proceeds from the sale of the shares by the selling stockholders.

## Summary Financial Information

The following summary financial data for the fiscal years ended December 31, 2012 and 2011 is derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary financial data as of and for the six months ended June 30, 2013 has been derived from our unaudited financial statements and the related notes thereto included elsewhere in this prospectus. This information is only a summary and does not provide all of the information contained in our financial statements and related notes. You should read “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 19 of this prospectus and our financial statements and related notes included elsewhere in this prospectus.

	Six Months Ended			
	June 30, 2013 (Unaudited)	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2012	
Statement of Operations Data:				
Net sales	\$ 2,113,603	\$ 2,524,265	\$ 4,079,745	
Net loss	\$ 12,298,036	\$ 16,312,989	\$ 7,338,927	

June 30,

Balance Sheet Data:	2013 (Unaudited)
Total assets	\$ 11,372,514
Total liabilities	1,897,755
Stockholders' equity	9,474,759

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## RISK FACTORS

You should carefully consider the following risk factors before investing in our common stock. Our business and results of operations could be seriously harmed by any of the following risks. The trading price of our common stock could decline due to any of these risks, and you may lose part or all of your investment.

### Risks Relating to Our Business

We may need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all. As of June 30, 2013, we had approximately \$3,652,800 of working capital. While we believe that our working capital on hand will be sufficient to fund our 12 month plan of operations, there can be no assurance that we will not require significant additional capital. In the event we require additional capital we will endeavor to raise additional funds through various financing sources, including the sale of our equity and debt securities and the procurement of commercial debt financing, with a bias toward debt financing over equity raisings. However, there can be no guarantees that such funds will be available on commercially reasonable terms, if at all. If such financing is not available on satisfactory terms, we may be unable to expand or continue our business as desired and operating results may be adversely affected. Any debt financing will increase expenses and must be repaid regardless of operating results and may involve restrictions limiting our operating flexibility. If we issue equity securities to raise additional funds, the percentage ownership of our existing stockholders will be reduced and our stockholders may experience additional dilution in net book value per share.

Our ability to obtain needed financing may be impaired by such factors as the capital markets, both generally and specifically in our industry, and the fact that we are not yet profitable, which could impact the availability or cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, we may be required to reduce or even cease operations.

Our sales efforts to large enterprises require significant time and effort and could hinder our ability to expand our customer base and increase revenue. Attracting new customers to our large enterprise division requires substantial time and expense, especially in an industry that is so heavily dependent on personal relationships with executives. We cannot assure that we will be successful in establishing new relationships, or maintaining or advancing our current relationships. For example, it may be difficult to identify, engage and market to customers who do not currently perform mobile marketing or advertising or are unfamiliar with our current services or platform. Further, many of our customers typically require input from one or more internal levels of approval. As a result, during our sales effort, we must identify multiple people involved in the purchasing decision and devote a sufficient amount of time to presenting our products and services to those individuals. The complexity of our services often requires us to spend substantial time and effort assisting potential customers in evaluating our products and services including providing demonstrations and benchmarking against other available technologies. We expect that our sales process will become less burdensome as our products and services become more widely known and used. However, if this change does not occur, we will not be able to expand our sales effort as quickly as anticipated and our sales will be adversely affected.

We may not be able to enhance our mobile marketing and advertising platform to keep pace with technological and market developments, or to remain competitive against potential new entrants in our markets. The market for mobile marketing and advertising services is emerging and is characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. Our current platform and services may not in the future be acceptable to marketers and advertisers. To keep pace with technological developments, satisfy increasing customer requirements and achieve acceptance of our marketing and advertising campaigns, we will need to enhance our current mobile marketing solutions and continue to develop and introduce on a timely basis new, innovative mobile marketing services offering compatibility, enhanced features and functionality on a timely basis at competitive prices. Our inability, for technological or other reasons, to enhance, develop, introduce and deliver

compelling mobile marketing services in a timely manner, or at all, in response to changing market conditions, technologies or customer expectations could have a material adverse effect on our operating results or could result in our mobile marketing services platform becoming obsolete. Our ability to compete successfully will depend in large measure on our ability to maintain a technically skilled development and engineering staff and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of our mobile marketing services platform with evolving industry standards and protocols.

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In addition, as we believe the mobile marketing market is likely to grow substantially, other companies which are larger and have significantly more capital to invest than us may emerge as competitors. For example, in May 2010, Google, Inc. acquired Admob, Inc. Similarly, in January 2010, Apple, Inc. acquired Quattro Wireless, Inc. New entrants could seek to gain market share by introducing new technology or reducing pricing. This may make it more difficult for us to sell our products and services, and could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses or the loss of market share or expected market share, any of which may significantly harm our business, operating results and financial condition.

Our enterprise customer contracts lack uniformity and often are complex, which subjects us to business and other risks. A portion of our customers include some of the largest enterprises which have substantial purchasing power and negotiating leverage. As a result, we typically negotiate contracts on a customer-by-customer basis and our contracts lack uniformity and are often complex. If we are unable to effectively negotiate, enforce and account and bill in an accurate and timely manner for contracts with our key customers, our business and operating results may be adversely affected. In addition, we could be unable to timely recognize revenue from contracts that are not managed effectively and this would further adversely impact our financial results.

Our services are provided on mobile communications networks that are owned and operated by third parties who we do not control and the failure of any of these networks would adversely affect our ability to deliver our services to our customers. Our mobile marketing and advertising platform is dependent on the reliability of mobile operators who maintain sophisticated and complex mobile networks. Such mobile networks have historically, and particularly in recent years, been subject to both rapid growth and technological change. If the network of a mobile operator with which we are integrated should fail, including because of new technology incompatibility, the degradation of network performance under the strain of too many mobile consumers using it, or a general failure from natural disaster or political or regulatory shut-down, we will not be able provide our services to our customers through such mobile network. This in turn, would impair our reputation and business, potentially resulting in a material, adverse effect on our financial results.

If our mobile marketing and advertising services platform does not scale as anticipated, our business will be harmed. We must be able to continue to scale to support potential ongoing substantial increases in the number of users in our actual commercial environment, and maintain a stable service infrastructure and reliable service delivery for our mobile marketing and advertising campaigns. In addition, we must continue to expand our service infrastructure to handle growth in customers and usage. If our mobile marketing services platform does not efficiently and effectively scale to support and manage a substantial increase in the number of users while maintaining a high level of performance, the quality of our services could decline and our business will be seriously harmed. In addition, if we are unable to secure data center space with appropriate power, cooling and bandwidth capacity, we may not be able to efficiently and effectively scale our business to manage the addition of new customers and overall mobile marketing campaigns.

The success of our business depends, in part, on wireless carriers continuing to accept our customers' messages for delivery to their subscriber base. We depend on wireless carriers to deliver our customers' messages to their subscriber base. Wireless carriers often impose standards of conduct or practice that significantly exceed current legal requirements and potentially classify our messages as "spam," even where we do not agree with that conclusion. In addition, the wireless carriers use technical and other measures to attempt to block non-compliant senders from transmitting messages to their customers; for example, wireless carriers block short codes or Internet Protocol addresses associated with those senders. There can be no guarantee that we, or short codes registered to us, will not be blocked or blacklisted or that we will be able to successfully remove ourselves from those lists. Although our services typically require customers to opt-in to a campaign, minimizing the risk that our customers' messages will be characterized as spam, blocking of this type could interfere with our ability to market products and services of our customers and communicate with end users and could undermine the effectiveness of our customers' marketing

campaigns. To date we have not experienced any material blocking of our messages by wireless carriers, but any such blocking could have an adverse effect on our business and results of operations.

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We depend on third party providers for a reliable Internet infrastructure and the failure of these third parties, or the Internet in general, for any reason would significantly impair our ability to conduct our business. We outsource all of our data center facility management to third parties who host the actual servers and provide power and security in multiple data centers in each geographic location. These third party facilities require uninterrupted access to the Internet. If the operation of our servers is interrupted for any reason, including natural disaster, financial insolvency of a third party provider, or malicious electronic intrusion into the data center, our business would be significantly damaged. As has occurred with many Internet-based businesses, on occasion in the past, we have been subject to "denial-of-service" attacks in which unknown individuals bombarded our computer servers with requests for data, thereby degrading the servers' performance. While we have historically been successful in relatively quickly identifying and neutralizing these attacks, we cannot be certain that we will be able to do so in the future. If either a third party facility failed, or our ability to access the Internet was interfered with because of the failure of Internet equipment in general or we become subject to malicious attacks of computer intruders, our business and operating results will be materially adversely affected.

Failure to adequately manage our growth may seriously harm our business. We operate in an emerging technology market and have experienced, and may continue to experience, significant growth in our business. If we do not effectively manage our growth, the quality of our products and services may suffer, which could negatively affect our brand and operating results. Our growth has placed, and is expected to continue to place, a significant strain on our managerial, administrative, operational and financial resources and our infrastructure. Our future success will depend, in part, upon the ability of our senior management to manage growth effectively. This will require us to, among other things:

- implement additional management information systems;

- further develop our operating, administrative, legal, financial and accounting systems and controls;

- hire additional personnel;

- develop additional levels of management within our company;

- locate additional office space in various countries; and

- maintain close coordination among our engineering, operations, legal, finance, sales and marketing and customer service and support organizations.

Moreover, as our sales increase, we may be required to concurrently deploy our services infrastructure at multiple additional locations or provide increased levels of customization. As a result, we may lack the resources to deploy our mobile marketing services on a timely and cost-effective basis. Failure to accomplish any of these requirements would seriously harm our ability to deliver our mobile marketing services platform in a timely fashion, fulfill existing customer commitments or attract and retain new customers.

The gathering, transmission, storage and sharing or use of personal information could give rise to liabilities or additional costs of operation as a result of governmental regulation, legal requirements, civil actions or differing views of personal privacy rights. We transmit and store a large volume of personal information in the course of providing our services. Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we receive from our customers and their users. Any failure, or perceived failure, by us to comply with U.S. federal, state, or international privacy or consumer protection-related laws, regulations or industry self-regulatory principles could result in proceedings or actions against us by governmental entities or others, which

could potentially have an adverse effect on our business, operating results and financial condition. Additionally, we may also be contractually liable to indemnify and hold harmless our customers from the costs or consequences of inadvertent or unauthorized disclosure of their customers' personal data which we store or handle as part of providing our services.

The interpretation and application of privacy, data protection and data retention laws and regulations are currently unsettled in the U.S. and internationally, particularly with regard to location-based services, use of customer data to target advertisements and communication with consumers via mobile devices. Such laws may be interpreted and applied inconsistently from country to country and inconsistently with our current data protection policies and practices. Complying with these varying international requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business, operating results or financial condition.

As privacy and data protection have become more sensitive issues, we may also become exposed to potential liabilities as a result of differing views on the privacy of personal information. These and other privacy concerns, including security breaches, could adversely impact our business, operating results and financial condition.

In the U.S., we have voluntarily agreed to comply with wireless carrier technological and other requirements for access to their customers' mobile devices, and also trade association guidelines and codes of conduct addressing the provision of location-based services, delivery of promotional content to mobile devices and tracking of users or devices for the purpose of delivering targeted advertising. We could be adversely affected by changes to these requirements, guidelines and codes, including in ways that are inconsistent with our practices or in conflict with the rules or guidelines in other jurisdictions.

Our management team has limited experience in public company matters, which could impair our ability to comply with legal and regulatory requirements. Our management team has only limited public company management experience or responsibilities, which could impair our ability to comply with legal and regulatory requirements and applicable federal securities laws including filing required reports and other information required on a timely basis. There can be no assurance that our management will be able to implement and affect programs and policies in an effective and timely manner that adequately respond to increased legal, regulatory compliance and reporting requirements imposed by such laws and regulations. Our failure to comply with such laws and regulations could lead to the imposition of fines and penalties and further result in the deterioration of our business.

#### Risks Related to our Common Stock

There has been a limited trading market for our common stock. There has been a limited trading market for our common stock on the Over-the-Counter Bulletin Board. The lack of an active market may impair the ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to acquire other companies or technologies by using common stock as consideration.

The market price of our common stock may be, and is likely to continue to be, highly volatile and subject to wide fluctuations. The market price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including:

- dilution caused by our issuance of additional shares of common stock and other forms of equity securities, which we expect to make in connection with future acquisitions or capital financings to fund our operations and growth, to attract and retain valuable personnel and in connection with future strategic partnerships with other companies;

- announcements of new acquisitions or other business initiatives by our competitors;

- our ability to take advantage of new acquisitions or other business initiatives;

- quarterly variations in our revenues and operating expenses;

- changes in the valuation of similarly situated companies, both in our industry and in other industries;

- changes in analysts' estimates affecting us, our competitors and/or our industry;

changes in the accounting methods used in or otherwise affecting our industry;

additions and departures of key personnel;

announcements by relevant governments pertaining to additional quota restrictions;  
and

fluctuations in interest rates and the availability of capital in the capital markets.



Some of these factors are beyond our control, and the impact of these risks, singly or in the aggregate, may result in material adverse changes to the market price of our common stock and/or our results of operations and financial condition.

We do not expect to pay dividends in the foreseeable future. We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common stock, and stockholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in the common stock.

The offering of up to 95,309,839 shares of our common stock by selling stockholders could depress our common stock price. Certain of our stockholders are offering pursuant to this prospectus up to 95,309,839 shares of our common stock in a secondary offering, which amount includes 30,885,007 shares of common stock issuable upon exercise of outstanding warrants. Sales of a substantial number of shares of our common stock in the public market could adversely affect the market for our common shares and make it more difficult for us to sell equity securities at times and prices that we determine to be appropriate. None of our shareholders are subject to any lock-up or other agreement that contractually restricts their ability to publicly resell their common shares.

Our common stock may be considered to be a “penny stock” and, as such, any the market for our common stock may be further limited by certain SEC rules applicable to penny stocks. To the extent the price of our common stock remains below \$5.00 per share or we have a net tangible assets of \$2,000,000 or less, our common shares will be subject to certain “penny stock” rules promulgated by the SEC. Those rules impose certain sales practice requirements on brokers who sell penny stock to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000). For transactions covered by the penny stock rules, the broker must make a special suitability determination for the purchaser and receive the purchaser’s written consent to the transaction prior to the sale. Furthermore, the penny stock rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices and disclosure of the compensation to the brokerage firm and disclosure of the sales person working for the brokerage firm. These rules and regulations adversely affect the ability of brokers to sell our common shares and limit the liquidity of our securities.

We are a “smaller reporting company” and, as such are allowed to provide less disclosure than larger public companies. We are currently a “smaller reporting company,” meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a smaller reporting company and have a public float of less than \$75 million and annual revenues of less than \$50 million during the most recently completed fiscal year. As a “smaller reporting company”, we are able to provide simplified executive compensation disclosures in our SEC filings, are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting, and have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports. Decreased disclosures in our SEC filings due to our status as a “smaller reporting company” may make it harder for investors to analyze our results of operations and financial prospects.

#### CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This prospectus and the documents to which we refer you contain forward-looking statements. In addition, from time to time, we or our representatives may make forward-looking statements orally or in writing. We base these forward-looking statements on our expectations and projections about future events, which we derive from the

information currently available to us. Such forward-looking statements relate to future events or our future performance. You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as “may,” “will,” “should,” “expects,” “anticipates,” “contemplates,” “estimates,” “believes,” “projected,” “predicts,” “potential” or “continue” or the negative of these or similar terms. In evaluating these forward-looking statements, you should consider various factors, including those described in this prospectus under the heading “Risk Factors” beginning on page 3. These and other factors may cause our actual results to differ materially from any forward-looking statement. Forward-looking statements are only predictions. The forward-looking events discussed in this prospectus, the documents to which we refer you and other statements made from time to time by us or our representatives, may not occur, and actual events and results may differ materially and are subject to risks, uncertainties and assumptions about us.

## OUR COMPANY

We were incorporated in the State of Nevada on September 25, 2008 under the names Ares Ventures Corporation for purposes of engaging in the acquisition, exploration and development of natural resource properties. From our organization and until November 2010, we were an exploration stage company with no revenues and a limited operating history.

### Acquisitions

On November 2, 2010, we completed the acquisition of Mobivity, Inc., a Nevada corporation engaged in the business of mobile marketing, which at the time was known as CommerceTel, Inc., in exchange for 10,000,000 shares of our common stock. In anticipation of the transaction, on October 5, 2010, we changed our name from Ares Ventures Corporation to CommerceTel Corporation. Upon our acquisition of Mobivity, Inc., we ceased all operations related to the acquisition, exploration and development of natural resource properties and since that time have engaged exclusively in our current business, the development and operation of proprietary platforms over which brands and enterprises can conduct mobile marketing campaigns.

In April 2011, we acquired substantially all of the assets of the Txtstation interactive mobile marketing platform and services business from Adsparg Limited. The purchase price for the acquisition was 2,425,000 shares of our common stock and \$300,000 in cash, which was paid over an 11 month period.

In April 2011, we entered into an acquisition agreement with Mobivity, LLC and Mobile Visions, Inc. pursuant to which we acquired the assets of their Mobivity interactive mobile marketing platform and services business. The purchase price for the acquisition was 1,000,000 shares of our common stock, \$64,969 in cash paid at closing and a secured subordinated promissory note in the principal amount of \$606,054. The promissory note accrued interest on the unpaid principal amount at the rate of 6.25% per annum and principal and interest were paid in six quarterly installments of \$105,526.42 starting May 1, 2011. The note was paid in full on May 31, 2012.

In connection with the Mobivity acquisition, in June 2012 we changed our corporate name to Mobivity Holdings Corp.

In August 2011, we acquired substantially all of the assets of the BoomText interactive mobile marketing services business from Digimark, LLC. The purchase price for the acquired assets consisted of:

519,540 shares of our common stock issued at closing;

\$120,514 in cash paid at closing;

our secured subordinated promissory note in the principal amount of \$175,000. This note earned interest at 6.25% per annum and was paid in full on May 31, 2012;

our unsecured subordinated promissory note in the principal amount of \$194,658 due and payable on October 1, 2012. The note does not bear interest and was paid in full in 2013; and

an earn-out payment (payable 20 months after closing of the transaction) of a number of shares of our common stock equal to (a) 1.5, multiplied by our net revenue from acquired customers and customer prospects for the twelve-month period beginning six months after the closing date, divided by (b) the average of the volume-weighted

average trading prices of our common stock for the 25 trading days immediately preceding the earn-out payment (subject to a collar of \$1.49 and \$2.01 per share). As of June 30, the final value of the earn-out payment was \$2,210,667 and was satisfied through our issuance of 1,483,669 shares of our common stock.

In May 2013, we acquired the assets of Sequence, LLC related to a mobile customer loyalty application. The acquired assets include all application software, URL's, websites, trademarks, brands, customers and customer lists. The purchase price consisted of: \$300,000 in cash which was paid prior to closing; 750,000 shares of our common stock which were issued at closing valued, based on the closing price of our common stock on May 13, 2012, at \$183,750; and our agreements to pay 24 monthly earn-out payments consisting of 10% of the eligible monthly revenue subsequent to closing.

Also in May 2013, we acquired certain assets of Front Door Insights, LLC. The assets acquired from Front Door Insights consisted of cash on hand, accounts receivable, all rights under all contracts other than excluded contracts, prepaid expenses, all technology and intellectual property rights, accounts payable, and obligations under a commercial lease. The purchase price consisted of: (1) \$100,000 in cash; (2) our promissory note in the principal amount of \$1,400,000; and (3) 7,000,000 shares of our common stock valued, based on the closing price of our common stock on May 20, 2012, at \$1,034,310.

#### Financing Transactions

Between March 2011 to November 2011, we conducted the private placement sale of 688,669 shares of our common stock at a price of \$1.50 per share for the gross proceeds of \$1,033,003. Each investor also received warrants to purchase an equivalent number of shares at an exercise price of \$2.00. In October 2012, the exercise price of the warrants was reduced from \$2.00 to \$0.50 as a result of certain anti-dilution provisions contained in the warrant agreement. As a result of the June 2013 private placement described below, the exercise price of the warrants was further reduced to \$0.20 per share in June 2013.

Between November 2010 and June 2012, we conducted the private placement sale of our 10% Senior Secured Convertible Bridge Notes. The Bridge Notes accrued interest on the unpaid principal amount at the rate of 10% per annum. The entire principal amount of the Bridge Notes, plus all accrued and unpaid interest, was due on the earlier of (i) the date we completed a financing transaction for the offer and sale of shares of our common stock in an aggregate amount of no less than 125% of the principal amounts evidenced by the Bridge Notes (a “qualifying financing”), or (ii) a fixed maturity date, which initially was set at November 3, 2011 and later amended to October 15, 2013. On the maturity date of the Bridge Notes, in addition to the repayment of the principal amount and all accrued and unpaid interest, we agreed to issue to each holder of the Bridge Notes, at each such holder’s option, either (i) a three year warrant to purchase that number of shares of our common stock equal to the principal amount of (plus all accrued and unpaid interest on) the Bridge Notes held by the holder divided by the per share purchase price of the common stock offered and sold in the qualifying financing (the “offering price”) which warrants shall be exercisable at the offering price, or (ii) that number of shares of common stock equal to the product arrived at by multiplying (x) the principal amount of (plus all accrued and unpaid interest on) the Bridge Notes held by the holder, divided by the offering price and (y) 0.33. Our obligations under the Bridge Notes were secured by all of our assets.

As of May 31, 2013, the outstanding principal amount and accrued interest under the Bridge Notes was \$4,984,721 and \$441,973, respectively. As described below, all of the principal and substantially all of the accrued interest under the Bridge Notes were converted into shares of our common stock and warrants to purchase our common stock in June 2013.

On June 17, 2013, we entered into a securities purchase agreement and a registration rights agreement with certain accredited investors in connection with our private placement sale of 37,500,000 shares of our common stock at a price of \$0.20 per share, for aggregate gross proceeds of \$7.5 million. Pursuant to the terms of the registration rights agreement, we agreed to file with the SEC a resale registration statement covering the shares. Emerging Growth Equities, Ltd. acted as placement agent for the private placement and received \$493,300 in commissions from us. In addition, for its services as placement agent, we issued to EGE warrants to purchase an aggregate of 3,635,458 shares of our common stock, exercisable for a period of five years from the closing date, at an exercise price of \$0.20 per share.

In connection with the private placement, we also entered into a convertible secured promissory note conversion agreement on June 17, 2013, with the holders of our Bridge Notes. Pursuant to the note conversion agreement, we agreed to issue to the holders of our Bridge Notes 26,772,532 shares of our common stock, at the conversion price of \$0.20 per share, for the cancellation of outstanding principal of \$4,984,721 and accrued interest of \$369,786 under the

notes. Certain holders elected to receive, and we made, cash payments on the accrued interest on their notes in lieu of shares of common stock. Each note holder also received a warrant to purchase that number of shares of our common stock calculated by dividing the outstanding principal amount plus accrued and unpaid interest of such note by the conversion price. We issued warrants to purchase a total of 27,249,549 shares of our common stock to the note holders. The warrants are exercisable for a period of five years at an exercise price of \$0.20 per share. In connection the sale of the Bridge Notes, we agreed to file with the SEC a resale registration statement covering the securities issued upon conversion of the Bridge Notes.

## SELLING STOCKHOLDERS

This prospectus relates to the offering and sale, from time to time, of up to 95,309,839 shares of our common stock, held by the stockholders named in the table below, which amount includes 30,885,007 common shares issuable upon the exercise of warrants held by the selling stockholders. The selling stockholders may exercise their warrants at any time in their sole discretion. All of the selling stockholders named below acquired their shares of our common stock and warrants directly from us in private transactions.

On June 17, 2013, we entered into a securities purchase agreement and a registration rights agreement with certain accredited investors in connection with our private placement sale of 37,500,000 shares of our common stock at a price of \$0.20 per share, for aggregate gross proceeds of \$7.5 million. Pursuant to the terms of the registration rights agreement, we agreed to file with the SEC a resale registration statement covering the shares. Emerging Growth Equities, Ltd. acted as placement agent for the private placement and received \$439,300 in commissions from us. In addition, for its services as placement agent, we issued to EGE warrants to purchase an aggregate of 3,635,458 shares of the Company's common stock, exercisable for a period of five years from the closing date, at an exercise price of \$0.20 per share.

In connection with the private placement, we also entered into a convertible secured promissory note conversion agreement on June 17, 2013, with certain holders of our outstanding 10% senior secured convertible bridge notes due October 15, 2013. Pursuant to the note conversion agreement, we agreed to issue to the holders of the notes 26,772,532 shares of our common stock, at the conversion price of \$0.20 per share, for the cancellation of outstanding principal of \$4,984,721 and accrued interest of \$369,786 under the notes. Certain holders elected to receive, and we agreed to make, cash payments on the accrued interest on their notes in lieu of shares of common stock. Each note holder also received a warrant to purchase that number of shares of our common stock calculated by dividing the outstanding principal amount plus accrued and unpaid interest of such note by the conversion price. The warrants are exercisable for a period of five years at an exercise price of \$0.20 per share. In connection the sale of the bridge notes, we agreed to file with the SEC a resale registration statement covering the securities issued upon conversion of the notes.

Except as indicated below, none of the selling stockholders has held a position as an officer or director of the company, nor has any selling stockholder had any material relationship of any kind with us or any of our affiliates. Except as otherwise indicated in the footnotes to the table, the selling stockholders possess sole voting and investment power with respect to the shares shown, and no selling stockholder is a broker-dealer or an affiliate of a broker-dealer. All information with respect to share ownership has been furnished by the selling stockholders. The shares being offered are being registered to permit public secondary trading of the shares and each selling stockholder may offer all or part of the shares owned for resale from time to time.

The following table sets forth certain information known to us as of the date of this prospectus and as adjusted to reflect the sale of the shares offered hereby, with respect to the beneficial ownership of our common stock by the selling stockholders who participated in the private placement mentioned above. The share amounts under the columns "Shares Beneficially Owned Before the Offering" and "Maximum Number of Shares Offered" consist of the shares of our common stock sold by us in the private placement described above, including shares issuable to the selling shareholder upon the exercise of outstanding warrants. The share amounts under the columns "Shares Beneficially Owned after the Offering" assume all of the offered shares are sold pursuant to this prospectus.

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Name of Beneficial Owner	Shares Beneficially Owned Before the Offering		Maximum Number of Shares Offered	Shares Beneficially Owned After the Offering (1)	
	Number	%		Number	%
Sandor Capital Master Fund (2)(3)	6,521,622	7.0 %	6,521,622	1,086,490	1.1 %
Ballyshannon Partners LP (4)	1,500,000	1.5 %	1,500,000	-0-	*
Ballyshannon Family Partnership (5)	2,311,800	2.4 %	2,311,800	-0-	*
Porter Partners, LP (6)	12,796,338	13.0 %	12,796,338	-0-	*
EDJ Limited (7)	2,013,102	2.0 %	2,013,102	-0-	*
Porter Family Living Trust dtd 9/5/2006 (8)	1,750,000	1.8 %	1,750,000	-0-	*
Ben Joseph Partners (9)	1,302,466	1.3 %	1,302,466	-0-	*
Alexander M. Bush	75,000	*	75,000	-0-	*
John E. Thompson	125,000	*	125,000	-0-	*
Diker MicroCap Fund LP (10)	1,750,000	1.8 %	1,750,000	-0-	*
Trellus Partners LP (11)	5,000,000	5.1 %	2,500,000	2,500,000	2.6 %
Julie T. Berlacher	802,466	*	802,466	-0-	*
Paul D. Berlacher TTEE Paul D. Berlacher Irrev. Trust (12)	125,000	*	125,000	-0-	*
Audrey E. Berlacher TTEE Audrey E. Berlacher Rev Trust (13)	125,000	*	125,000	-0-	*
David A. Houghton	968,640	*	968,640	-0-	*
Bruce E. Terker TTEE Robert A. Berlacher 2004 Family Trust (14)	250,000	*	250,000	-0-	*
Chardonnay Partners, LP (15)	1,073,082	1.1 %	1,073,082	-0-	*
Harry Mittelman Revocable Living Trust (16)	1,326,438	1.4 %	1,326,438	-0-	*
Bruce and Katherine Evans TBE	1,868,586	1.9 %	1,868,586	-0-	*
Jacqueline A. Evans	75,000	*	75,000	-0-	*
JSL Kids Partners (3)(17)	500,000	*	500,000	-0-	*
James C. Barragan, Jr. and Nancy F. Barragan	347,800	*	250,000	97,800	*
Robert A. Elliott	125,000	*	125,000	-0-	*
Robert B. Prag	576,520	*	576,520	-0-	*
The Del Mar Consulting Group, Inc. Retirement Plan Trust (18)	250,000	*	250,000	-0-	*
George I. Bridges, Jr.	1,750,000	1.8 %	1,750,000	-0-	*
Carl Todd Bridges and Lori D. Bridges	1,250,000	1.3 %	1,250,000	-0-	*



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Clayton Green, Jr.	500,000	*		500,000	-0-	*
Taylor Green	500,000	*		500,000	-0-	*
Shelby Zimmerman	500,000	*		500,000	-0-	*
Robert A. Smith	1,250,000	1.3	%	1,250,000	-0-	*
Mark A. and Lucinda M. Henry	952,466	*		952,466	-0-	*
Donald K. Thomas	100,000	*		100,000	-0-	*
Mobivity Partners (19)	2,500,000	2.6	%	2,500,000	-0-	*
John R. Harris (20)	125,000	*		125,000	-0-	*
ACT Capital Partners, LP (21)	2,891,815	2.9	%	2,891,815	-0-	*
Amir L. Ecker	2,190,582	2.2	%	2,190,582	-0-	*
Delaware Charter G T Cust FBO Amir L. Ecker IRA (22)	3,492,740	3.5	%	3,492,740	-0-	*
Cornelis F. Wit	11,609,952	11.0	%	11,609,952	-0-	*
The Ecker Family Partnership (23)	1,039,349	1.1	%	1,039,349	-0-	*
Gary Knutsen	742,406	*		742,406	-0-	*
Gregory J. Berlacher (3)	321,902	*		321,902	-0-	*
Emerging Growth Equities, Ltd. PSP dtd 9/1/99 FBO Gregory J. Berlacher, 401k (24)(3)	527,300	*		527,300	-0-	*
Emerging Growth Equities, Ltd. PSP dtd 9/1/99 FBO Jay D. Seid, 401k (25)(3)	1,061,972	1.1	%	1,061,972	-0-	*
John S. Lemak IRA Rollover Raymond James & Assoc Custodian (3)(26)	1,328,597	1.4	%	1,278,854	49,743	*
Kingdom Trust Co. Roth IRA Cust FBO Robert A. Berlacher (27)	690,386	*		690,386	-0-	*
Lancaster Investment Partners, LP (28)	858,720	*		858,720	-0-	*
Northwood Capital Partners, LP (29)	3,211,847	3.2	%	3,211,847	-0-	*
Randall Smith	280,320	*		280,320	-0-	*
Peter and Susan Stanley JTWROS	1,391,514	1.4	%	1,391,514	-0-	*
The Michael and Valerie Bynum Living Trust (20)(30)	762,328	*		762,328	-0-	*
Timothy W. Schatz (20)	203,014	*		203,014	-0-	*
Joel and Amy Wisian	757,398	*		757,398	-0-	*
Allen M. and Emily R. Bynum	353,288	*		353,288	-0-	*
Johnny and Debra Allen	101,232	*		101,232	-0-	*
Jessie and Kimberly A. Allen	101,232	*		101,232	-0-	*
	101,124	*		101,124	-0-	*

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Donald K. and Paige Matthey Bynum					
Pier Bynum	50,562	*	50,562	-0-	*
Patrick Bynum	50,562	*	50,562	-0-	*
Dennis Becker (20)	176,486	*	176,486	-0-	*
Marion Cook	503,562	*	503,562	-0-	*
James Flanigan	251,370	*	251,370	-0-	*
Steve Tebo	502,740	*	502,740	-0-	*
Berlwoods Partners, LP (31)	125,000	*	125,000	-0-	*
Cortleigh Capital Partners, LP (32)					
Phyllis D. Kalista	125,000	*	125,000	-0-	*
Jay D. Seid (3)	75,000	*	75,000	-0-	*
Franz J. Berlacher	25,000	*	25,000	-0-	*
Robert D. Auritt	50,000	*	50,000	-0-	*
Kingdom Trust Company IRA c/f Richard Johnson (33)					
Andrew S. Rosen	641,499	*	500,000	141,499	*
ACT Capital Management, LLLP (34)					
Delaware Charter G&T Cust FBO Amir L. Ecker ROTH IRA (35)	125,000	*	125,000	-0-	*
Delaware Charter G&T Cust FBO Carol G. Frankenfield IRA (36)					
Kingdom Trust Co. SEP IRA c/f Robert A. Berlacher (37)	100,000	*	100,000	-0-	*
MJA Investments LLC (38)	75,000	*	75,000	-0-	*
JBA Investments LLC (39)	75,000	*	75,000	-0-	*
Elizabeth Arno	100,000	*	100,000	-0-	*
Kingdom Trust Co. IRA FBO Daniel C. Gardner (40)					
Brodsky Family Trust (41)(20)	891,889	*	750,000	141,889	*
Ivy L. Fredericks	125,000	*	125,000	-0-	*
Robert Winter	125,000	*	125,000	-0-	*
Brian J. Grossi 2007 Revocable Trust (42)					
Pak Cheong Choi & Susan Huang Choi JTWR0S	50,000	*	50,000	-0-	*
John C. Lipman	130,000	*	130,000	-0-	*
Lipman Capital Group Inc. Retirement Plan (43)					
Marcelle Weems Bynum	75,924	*	75,924	-0-	*
Lavonne Bynum	75,924	*	75,924	-0-	*
Cecil Glen Bynum and Cathey Lynn Bynum,	261,466	*	202,466	59,000	*

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Tenants in Common						
David Gomez	871,698	*		871,698	-0-	*
David Hirons	510,448	*		510,448	-0-	*
Dillon Page and Vickie						
Page, Joint Tenants	580,548	*		580,548	-0-	*
Russell Sarachek	200,000	*		200,000	-0-	*
Mayumi Ishii Post	125,000	*		125,000	-0-	*
Kingdom Trust Company						
IRA Rollover FBO Franz						
J. Berlacher (44)	125,000	*		125,000	-0-	*
Kingdom Trust Co. Roth						
IRA c/f Julie T. Berlacher						
(45)	95,000	*		95,000	-0-	*
Fraser Clarke	125,000	*		125,000	-0-	*
BMO Nesbitt Burns ITF						
365-24977-22 (46)	375,000	*		375,000	-0-	*
David Moss	75,780	*		75,780	-0-	*
VFT Special Ventures, Ltd						
(47)	3,635,458	3.7	%	3,635,458	-0-	*

\* Less than 1%.

- (1) Assumes that all securities offered are sold.
- (2) The selling stockholder indicated to us that John S. Lemak, Manager of Sandor Capital Master Fund, has voting and investment power over the shares it is offering for resale.
- (3) The selling stockholder identified itself to us as an affiliate of a broker-dealer. It has indicated to us that it purchased the shares in the ordinary course of business, and at the time of the purchase of the shares to be resold, had no agreements or understandings, directly or indirectly, with any person to distribute the shares.
- (4) The selling stockholder indicated to us that Bruce E. Terker, President of Ballyshannon Partners, L.P., has voting and investment power over the shares it is offering for resale.
- (5) The selling stockholder indicated to us that Bruce E. Terker, President of Ballyshannon Family Partnership, L.P., has voting and investment power over the shares it is offering for resale.
- (6) The selling stockholder indicated to us that Jeffrey H. Porter, General Partner of Porter Partners, L.P., has voting and investment power over the shares it is offering for resale.
- (7) The selling stockholder indicated to us that Jeffrey H. Porter, Investment Advisor of EDJ Limited, has voting and investment power over the shares it is offering for resale.
- (8) The selling stockholder indicated to us that Jeffrey H. Porter, Trustee of Porter Family Living Trust dtd. 9/5/2006, has voting and investment power over the shares it is offering for resale.
- (9) The selling stockholder indicated to us that Jeffrey H. Porter, General Partner of Ben Joseph Partners, has voting and investment power over the shares it is offering for resale.
- (10) The selling stockholder indicated to us that Ken Brower, Chief Financial Officer of Diker Micro Cap Fund LP, has voting and investment power over the shares it is offering for resale.

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- (11) The selling stockholder indicated to us that James Scaplen, Chief Financial Officer of Trellus Partners LP, has voting and investment power over the shares it is offering for resale.
- (12) The selling stockholder indicated to us that Paul D. Berlacher, Trustee of the Paul D. Berlacher Irrev. Trust, has voting and investment power over the shares it is offering for resale.
- (13) The selling stockholder indicated to us that Audrey E. Berlacher, Trustee of the Audrey E. Berlacher Rev Trust, has voting and investment power over the shares it is offering for resale.
- (14) The selling stockholder indicated to us that Bruce E. Terker, Trustee of the Robert A. Berlacher 2004 Family Trust, has voting and investment power over the shares it is offering for resale.
- (15) The selling stockholder indicated to us that Robert A. Berlacher, General Partner of Chardonnay Partners, LP, has voting and investment power over the shares it is offering for resale.
- (16) The selling stockholder indicated to us that Harry Mittelman, Trustee of the Harry Mittelman Revocable Living Trust, has voting and investment power over the shares it is offering for resale.
- (17) The selling stockholder indicated to us that John S. Lemak, Manager of JSL Kids Partners, has voting and investment power over the shares it is offering for resale.
- (18) The selling stockholder indicated to us that Robert B. Prag, Trustee of The Del Mar Consulting Group, Inc. Retirement Plan Trust, has voting and investment power over the shares it is offering for resale.
- (19) The selling stockholder indicated to us that Julie Krupala, Secretary of Mobivity Partners, has voting and investment power over the shares it is offering for resale.
- (20) The selling stockholder is, or is an affiliate of, an executive officer or director of our company.
- (21) The selling stockholder indicated to us that Carol Frankenfield, General Partner of ACT Capital Partners, LP, has voting and investment power over the shares it is offering for resale.
- (22) The selling stockholder indicated to us that Amir L. Ecker, IRA Owner of Delaware Charter G T Cust. FBO Amir L. Ecker IRA, has voting and investment power over the shares it is offering for resale.
- (23) The selling stockholder indicated to us that Amir L. Ecker, General Partner of The Ecker Family Partnership, has voting and investment power over the shares it is offering for resale.
- (24) The selling stockholder indicated to us that Gregory J. Berlacher, Owner of Emerging Growth Equities Ltd PSP dtd 9/1/99 FBO Gergory J. Berlacher 401k, has voting and investment power over the shares it is offering for resale.
- (25) The selling stockholder indicated to us that Jay D. Seid, Owner of Emerging Growth Equities Ltd PSP dtd 9/1/99 FBO Jay D. Seid 401k, has voting and investment power over the shares it is offering for resale.
- (26) The selling stockholder indicated to us that John S. Lemak, IRA Owner of the John S. Lemak IRA Rollover, Raymond James & Assoc. custodian, has voting and investment power over the shares it is offering for resale.
- (27) The selling stockholder indicated to us that Robert A. Berlacher, IRA Owner of Kingdom Trust Co. Roth IRA Cust FBO Robert A. Berlacher, has voting and investment power over the shares it is offering for resale.

- (28) The selling stockholder indicated to us that Robert A. Berlacher, Manager of Lancaster Investment Partners, LP, has voting and investment power over the shares it is offering for resale.
- (29) The selling stockholder indicated to us that Robert A. Berlacher, Manager of Northwood Capital Partners, LP, has voting and investment power over the shares it is offering for resale.
- (30) The selling stockholder indicated to us that Michael K. and Valerie L. Bynum, Trustees of The Michael and Valerie Bynum Living Trust, have voting and investment power over the shares it is offering for resale.
- (31) The selling stockholder indicated to us that Robert A. Berlacher, Managing Member of Berlwoods Partners, LP, has voting and investment power over the shares it is offering for resale.
- (32) The selling stockholder indicated to us that Christine Groves, Partner of Cortleigh Capital Partners, LP, has voting and investment power over the shares it is offering for resale.
- (33) The selling stockholder indicated to us that Richard Johnson, IRA Owner of Kingdom Trust Company IRA c/f Richard Johnson, has voting and investment power over the shares it is offering for resale.
- (34) The selling stockholder indicated to us that Carol G. Frankenfield, General Partner of ACT Capital Management LLP, has voting and investment power over the shares it is offering for resale.
- (35) The selling stockholder indicated to us that Amir L. Ecker, IRA Owner of Delaware Charter G T Cust FBO Amir L. Ecker ROTH IRA, has voting and investment power over the shares it is offering for resale.
- (36) The selling stockholder indicated to us that Carol G. Frankenfield, IRA Owner of Delaware Charter G T Cust FBO Carol G. Frankenfield IRA, has voting and investment power over the shares it is offering for resale.
- (37) The selling stockholder indicated to us that Robert A. Berlacher, IRA Owner of Kingdom Trust Co. SEP IRA c/f Robert A. Berlacher, has voting and investment power over the shares it is offering for resale.
- (38) The selling stockholder indicated to us that Andrew Arno, Advisor of MJA Investments LLC, has voting and investment power over the shares it is offering for resale.
- (39) The selling stockholder indicated to us that Andrew Arno, Advisor of JBA Investments LLC, has voting and investment power over the shares it is offering for resale.
- (40) The selling stockholder indicated to us that Daniel C. Gardner, IRA Owner of Kingdom Trust Co. IRA FBO Daniel C. Gardner, has voting and investment power over the shares it is offering for resale.
- (41) The selling stockholder indicated to us that Peter Brodsky, Trustee of the Brodsky Family Trust, has voting and investment power over the shares it is offering for resale.
- (42) The selling stockholder indicated to us that Brian J. Grossi, Trustee of the Brian J. Grossi 2007 Revocable Trust, has voting and investment power over the shares it is offering for resale.
- (43) The selling stockholder indicated to us that John C. Lipman, Owner of Lipman Capital Group Inc. Retirement Plan, has voting and investment power over the shares it is offering for resale.
- (44) The selling stockholder indicated to us that Franz J. Berlacher, IRA Owner of Kingdom Trust Company IRA Rollover FBO Franz J. Berlacher, has voting and investment power over the shares it is offering for resale.

- (45) The selling stockholder indicated to us that Julie T. Berlacher, IRA Owner of Kingdom Trust Co. ROTH IRA c/f Julie T. Berlacher, has voting and investment power over the shares it is offering for resale.
- (46) The selling stockholder indicated to us that Dean McDonald, Limited Partner of BMO Nesbitt Burns ITF 365-24977-22, has voting and investment power over the shares it is offering for resale.
- (47) Represents shares underlying warrants issued to Emergency Growth Equities, Ltd. as placement agent compensation. The selling stockholder indicated to us that Gregory J. Berlacher has voting and investment power over the shares it is offering for resale.

## PLAN OF DISTRIBUTION

The selling stockholders may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. The shares owned by the selling stockholders may be sold at the then-current market price or in negotiated transactions. The selling stockholders may use any one or more of the following methods when selling shares:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

short sales;

broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

The selling stockholders may also engage in puts and calls and other transactions in our securities or derivatives of our securities and may sell or deliver shares in connection with these trades.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved. Any profits on the resale of shares of common stock by a broker-dealer acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, attributable to the sale of shares will be borne by a selling stockholder. The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares if liabilities are imposed on that person under the Securities Act.

The selling stockholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or

secured parties may offer and sell the shares of common stock from time to time under this prospectus after we have filed a supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus and may sell the shares of common stock from time to time under this prospectus after we have filed a supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.



The selling stockholders and any broker-dealers or agents that are involved in selling the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares of common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We are required to pay all fees and expenses incident to the registration of the shares of common stock. We have agreed to indemnify the selling stockholders against certain claims, damages and liabilities, including liabilities under the Securities Act.

The selling stockholders have advised us that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their shares of common stock, nor is there an underwriter or coordinating broker acting in connection with a proposed sale of shares of common stock by any selling stockholder. If we are notified by any selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of shares of common stock, if required, we will file a supplement to this prospectus. If the selling stockholders use this prospectus for any sale of the shares of common stock, they will be subject to the prospectus delivery requirements of the Securities Act.

The anti-manipulation rules of Regulation M under the Securities Exchange Act of 1934 may apply to sales of our common stock and activities of the selling stockholders.

#### MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock has been included for quotation on the OTC Bulletin Board under the stock symbol "MFON" since December 9, 2010. From January 2010 to that date, our stock was traded on the OTCBB under the symbol "AREV". Our common stock trades only sporadically and has experienced in the past, and is expected to experience in the future, significant price and volume volatility.

The following table shows the reported high and low closing sale prices for our common stock based on information provided by the OTC Bulletin Board for the periods indicated.

Year Ended December 31, 2012	High	Low
Fourth Quarter	\$ 0.43	\$ 0.22
Third Quarter	\$ 0.62	\$ 0.26
Second Quarter	\$ 1.04	\$ 0.59
First Quarter	\$ 1.50	\$ 1.00
Year Ended December 31, 2011	High	Low
Fourth Quarter	\$ 1.60	\$ 0.37
Third Quarter	\$ 2.00	\$ 1.10
Second Quarter	\$ 3.35	\$ 1.25
First Quarter	\$ 4.25	\$ 1.45

#### Holders of Record

As of the date of this prospectus, there were 153 record holders of our common stock.

#### Dividends

We have not paid any cash dividends since our inception and do not contemplate paying dividends in the foreseeable future. It is anticipated that earnings, if any, will be retained for the operation of our business.

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## Equity Compensation Plan Information

In December, 2010, we adopted our 2010 Incentive Stock Option Plan (“the 2010 Plan”). The 2010 Plan permits us to grant up to 3,124,000 shares of common stock and options to purchase shares of common stock. In July 2013, we adopted our 2013 Stock Incentive Plan (“2013 Plan”). The 2013 Plan allows us to grant incentive stock options, non-incentive stock options, restricted share grants and unrestricted share grants. We have reserved for issuance 33,386,086 share of our common stock under the 2013 Plan.

The 2010 and 2013 Plan are each designed to retain directors, executives and selected employees and consultants and reward them for making major contributions to the success of our company. These objectives are accomplished by making long-term incentive awards under the plans thereby providing participants with a personal interest in the growth and performance of our company. The following table sets forth additional information as of December 31, 2012 with respect to the shares of common stock that may be issued upon the exercise of options and other rights under our 2010 Incentive Stock Plan as of December 31, 2012.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options		(b) Weighted-Average Exercise Price of Outstanding Options	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected In Column (a))
Equity compensation plans approved by security holders	-0-	\$ -	-	-0-
Equity compensation plans not approved by security holders	2,860,000		-	264,000
<b>Total</b>	<b>2,860,000</b>	<b>\$</b>	<b>0.63</b>	<b>264,000</b>

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

## General

We are engaged in the business of developing and operating proprietary platforms over which brands and enterprises can conduct localized mobile marketing campaigns. Our products, delivered as a service, allow brands and enterprises to market their products and services to consumers through text messages sent directly to the consumers’ mobile phones, mobile smartphone applications, or other solutions driven from consumers’ mobile phones. We generate revenue by charging the brands and enterprises a per-message transactional fee, or through fixed or variable software licensing fees. Our customers include national franchisers, professional sports teams and associations and other national brands such as the Los Angeles Clippers, Dallas Cowboys, Chick-Fil-A, Jamba Juice, and others.



## Recent Events

### Acquisitions

In May 2013, we acquired the assets of Sequence, LLC (“Sequence”) related to a mobile customer loyalty application. The acquired assets include all application software, URL’s, websites, trademarks, brands, customers and customer lists. We assumed no liabilities of Sequence.

The purchase price consisted of: (1) \$300,000 in cash which was paid prior to closing; (2) 750,000 shares of our common stock which were issued at closing valued, based on the closing price of our common stock on May 13, 2013, at \$183,750; and (3) twenty-four monthly earn-out payments consisting of 10% of the eligible monthly revenue subsequent to closing.

Also in May 2013, we acquired certain assets and liabilities of Front Door Insights, LLC (“FDI”), pursuant to an asset purchase agreement. The assets and liabilities acquired from FDI consisted of cash on hand, accounts receivable, all rights under all contracts other than excluded contracts, prepaid expenses, all technology and intellectual property rights, accounts payable, and obligations under a commercial lease.

The purchase price consisted of: (1) \$100,000 in cash; (2) a promissory note in the principal amount of \$1,400,000; and (3) 7,000,000 shares of our common stock valued, based on the closing price of our common stock on May 20, 2013, at \$1,034,310.

### Private Placement and Conversion of Bridge Notes

In June and July 2013, we sold 37,500,000 shares of our common stock at \$0.20 per share and received net proceeds of \$7,060,700. We also converted all of our outstanding Bridge Notes and substantially all of our interest payable on the Bridge Notes into 26,772,532 shares of our common stock at \$0.20 per share. As of June 30, 2013, we no longer have any Bridge Notes outstanding.

## Results of Operations for the Six Months Ended June 30, 2013 and 2012

### Revenues

Revenues for the six months ended June 30, 2013 were \$2,133,603, an increase of \$90,999, or 4.5%, compared to the same period in 2012. The small net increase is primarily attributable to an increase of 47% in subscriber-based licensing. This increase was offset by the loss of several large-enterprise accounts that were not replaced with new sales in 2013, primarily due to increased focus on small businesses, and other minor factors.

### Cost of Revenues

Cost of revenues for the six months ended June 30, 2013 was \$596,012, a decrease of \$104,216, or 14.9% compared to the same period in 2012. This decrease is primarily attributable to lower costs for messaging, messaging related fixed costs, and sales commission expenses. Messaging and related fixed costs have declined as we further assimilated the acquisitions of 2011, leveraged volume to obtain pricing discounts, reduced co-location IT expenses, and consolidated vendors. Sales commission expenses during the six months ended June 30, 2013 decreased 33% as compared to the same period in 2012, due primarily to fewer closed sales of corporate accounts and a smaller inside sales staff.

### Gross Profit

Gross profit for the six months ended June 30, 2013 was \$1,517,591, an increase of \$195,215 or 14.8%, compared to the same period in 2012. Gross profit as a percentage of revenue for the six months ended June 30, 2013 increased to 72% compared to 65% for the same period in 2012. The increase is primarily attributable to reduced cost of sales resulting from further assimilation of the acquisitions of 2011, leveraged volume to obtain pricing discounts, reduction of fixed costs, and consolidation of vendors.

#### General and Administrative

General and administrative expenses for the six months ended June 30, 2013 and 2012 were \$1,320,323 and \$1,714,527, respectively. Such expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, consulting costs and other expenses. The decrease of \$394,204 is primarily attributable to the following changes: decrease in payroll related expenses of \$109,033 due to lower headcount; decrease in stock-based compensation of \$299,597 because we are at the end of the expense recognition period for many of our options granted prior to June 2013; increase in consulting expense of \$56,943 related to the lower headcount; decrease in bad debt expense of \$89,957 due to favorable collection efforts and the establishment of an adequate reserve in prior periods; decrease in investor relations expense of \$47,980 as we reduced expenditures in this category; increase in legal fees of \$101,881 which is related to our business activities during the period.

#### Sales and Marketing Expense

Sales and marketing expenses for the six months ended June 30, 2013 and 2012 were \$1,798,341 and \$729,119, respectively. Such expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, sales travel, consulting costs and other expenses. The increase of \$1,069,222 is primarily attributable to the following changes: an increase in payroll related expenses of \$32,753 related to increased headcount; increase in stock-based compensation of \$964,791 related to the immediate vesting of grants to new officers during June 2013; and an increase in travel expenses of \$43,503 which is related to our business activities during the period.

#### Engineering, Research, and Development Expense

Engineering, research, and development expenses for the six months ended June 30, 2013 and 2012 were \$251,239 and \$295,973, respectively. Such expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, consulting costs and other expenses. The decrease of \$44,734 is primarily attributable to the following changes: decrease in payroll expense of \$66,204 due to lower headcount; and an increase in consulting expenses of \$23,061 which is also related to the lower headcount.

#### Depreciation and Amortization Expense

Depreciation and amortization expense for the six months ended June 30, 2013 and 2012 was \$92,129 and \$301,383, respectively. Such expenses consist of depreciation on our equipment and amortization of our intangible assets. The decrease of \$209,254 is primarily attributable to the lower amortizable base of our intangible assets throughout most of 2013 after the impairment write-offs that we recorded in 2012 and 2011.

#### Loss from Operations

Our loss from operations for the six months ended June 30, 2013 was \$1,944,441, a decrease of \$225,815, or 13%, compared to the same period in 2012. The decrease is a function of the increases and decreases discussed above.

#### Interest Expense

Interest expense for the six months ended June 30, 2013 and 2012 was \$6,346,553 and \$1,238,499, respectively. Interest expense consists of stated or implied interest expense on our notes payable, amortization of note discounts, and amortization of deferred financing costs.

Stated interest for the six months ended June 30, 2013 and 2012 was \$212,186 and \$116,893, respectively. The principal balance of our outstanding notes payable was higher in 2013 than in 2012, resulting in higher stated interest

expense for the six months ended June 30, 2013.

Amortization of note discounts recorded as interest expense for the six months ended June 30, 2013 and 2012 was \$6,134,367 and \$1,020,749, respectively. We recorded additional note discounts in 2013 that were amortized to interest expense upon conversion of the Bridge Notes in June 2013.

Amortization of deferred financing costs for the six months ended June 30, 2013 and 2012 was \$-0- and \$100,857, respectively. We capitalized costs associated with the issuance of our notes, and amortize these costs over the term of the related notes.

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#### Change in Fair Value of Derivative Liabilities

The change in fair value for derivative liabilities for the six months ended June 30, 2013 and 2012 was a loss of \$3,813,598 and a gain of \$193,990, respectively. The value of the derivative liabilities at any given date is based primarily on the value and volatility of our common stock, among other less significant factors. In periods when our stock price or volatility rises, we expect to record a loss in the change in fair value of the derivative liabilities. During the period ended June 30, 2013, the volatility assumptions input into the Monte Carlo models were updated with the Company's own stock (as two years of comparable data was now available), as compared to the use of guideline companies during previous periods, which increases the reliability of the underlying data in the models, but which also increased the value of the derivatives which in turn caused the increased losses in the current period. In addition, during the six months ending June 30, 2013, the conversion of the convertible notes payable into common shares significantly reduced the Company's ongoing exposure to share price movements as the tainted equity environment was relieved on June 17, 2013; thereby reducing the number of warrants subject to derivative liability treatment. See Note 5 for further information.

#### Adjustment in Contingent Consideration

The adjustment in contingent consideration for the six months ended June 30, 2013 and 2012 was a loss of \$193,465 and a gain of \$76,782, respectively. These adjustments represent a reduction or increase in the estimated earn-out payable on the BoomText acquisition at each period end.

#### Net Loss

The net losses for the six months ended June 30, 2013 and 2012 were \$12,298,036 and \$2,683,785, respectively. Factors affecting the change in net losses are discussed above.

#### Liquidity and Capital Resources

As of June 30, 2013, we had current assets of \$5,373,122, including \$4,998,148 in cash, and current liabilities of \$1,720,322, resulting in working capital of \$3,652,800.

As of the date of this prospectus, we believe we have working capital on hand to fund our current level of operations through, at least, the next 12 months. However, there can be no assurance that we will not require additional capital within the next 12 months. If we require additional capital, we will seek to obtain additional working capital through the sale of our securities and, if available, bank lines of credit. However, there can be no assurance we will be able to obtain access to capital as and when needed and, if so, the terms of any available financing may not be subject to commercially reasonable terms.

#### Cash Flows from Operating Activities

Our operating activities resulted in net cash used in operations of \$479,419 for the six months ended June 30, 2013 compared to net cash used by operations of \$1,225,514 for the same period in 2012.

The net cash used in operating activities for the six months ended June 30, 2013 reflects a net loss of \$12,298,036 offset by a reversal of bad debt expense of \$10,778, common stock issued for services of \$18,375, stock-based compensation of \$1,277,794, depreciation and amortization expense of \$92,129, gain on adjustment in contingent consideration of \$193,465, change (loss) in fair value of derivative liabilities of \$3,813,598, and amortization of note discounts of \$6,134,367. For the six months ended June 30, 2013, the net benefit of the non-cash items totaled \$14,372,148.

Increases and decreases in cash resulting from changes in operating assets and liabilities for the six months ended June 30, 2013 included an increase from accounts receivable of \$147,184, an decrease from accounts payable of \$84,388, an increase from accrued interest of \$159,132, an increase from other liabilities of \$119,061, and other minor factors.

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The net cash used in operating activities for the six months ended June 30, 2012 reflects a net loss of \$2,683,785 offset by bad debt expense of \$79,179, common stock issued for services of \$270,000, common stock issued for late payment of \$160,468, stock-based compensation of \$210,429, depreciation and amortization expense of \$301,382, gain on adjustment of contingent consideration of \$76,782, change (gain) in fair value of derivative liabilities of \$193,990, amortization of deferred financing costs of \$100,857, and amortization of note discounts of \$1,020,749. For the six months ended June 30, 2012, the net benefit of the non-cash items totaled \$1,872,292.

Increases and decreases in cash resulting from changes in operating assets and liabilities for the six months ended June 30, 2012 included a decrease from accounts receivable of \$110,239, decrease from other current assets of \$540,553, a decrease from accounts payable of \$189,617, a decrease from deferred revenue and customer deposits of \$86,611, an increase from other liabilities of \$454,123, and other minor factors.

#### Cash Flows from Investing Activities

Cash flows from investing activities for the six ended June 30, 2013 consist of equipment purchases of \$2,799 and the cash portion of the purchase prices of the acquisitions during the period of \$400,000.

Cash flows from investing activities for the six months ended June 30, 2012 consist of equipment purchases of \$9,732.

#### Cash Flows from Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2013 and 2012 was \$5,880,003 and \$2,288,423, respectively.

During the six months ended June 30, 2013, we received proceeds of \$700,000 from the issuance of our Bridge Notes, and we received \$6,789,685 of net proceeds from the sale of shares of our common stock. We paid \$1,609,682 on our notes payable that were outstanding during the period.

During the six months ended June 30, 2012, we received proceeds of \$3,148,470 from the issuance of our Bridge Notes. We paid \$772,457 on our notes payable that were outstanding during the period, and we paid \$87,500 on the cash payment obligation resulting from the Txtstation acquisition.

#### Non Cash Financing Activities

During the six months ended June 30, 2013, non-cash investing and financing activities totaled \$26,434,087 and consisted of \$4,614,714 of discounts recorded on our notes payable, \$40,511 in adjustments to our derivative liabilities due to note repayments, \$10,726,967 in adjustments to our derivative liabilities due to note conversions, \$349,694 in adjustments to our derivative liabilities due to conversion of the allonge and ASID derivative liabilities into equity payable, \$176,555 for the conversion of the non-employee warrant derivative liability into additional paid-in capital, \$2,210,667 for the issuance of shares of common stock for the Boomtext earn-out, \$1,218,060 for the shares of common stock issued in our acquisitions, \$1,365,096 for the note payable issued in the FDI acquisition, \$224,000 for the earn-out payable recorded in the Sequence acquisition, \$4,984,720 for the conversion of Bridge Notes into common stock, \$369,786 for the conversion of accrued interest on the Bridge Notes into common stock, and \$153,317 for the settlement of a working capital asset related to the Boomtext acquisition.

During the six months ended June 30, 2012, non-cash investing and financing activities totaled \$4,073,566 and consisted of \$2,733,412 of discounts recorded on our notes payable, \$181,646 in adjustments to our derivative liabilities due to note repayments, \$1,020,859 in adjustments to our derivative liabilities due to note conversions, and \$137,649 of accrued interest that was converted into notes payable.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

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## OUR BUSINESS

### General

We are in the business of developing and operating proprietary platforms over which brands and enterprises can conduct localized mobile marketing campaigns. Our proprietary platforms allow brands and enterprises to market their products and services to consumers through text messages sent directly to the consumers' mobile phones and mobile smartphone applications, consisting of software available to both phones and tablets PCs. We generate revenue by charging the brands and enterprises a per-message transactional fee, or through fixed or variable software licensing fees. Our customers include national franchisers, professional sports teams and associations and other national brands such as the Los Angeles Clippers, Dallas Cowboys, Chick-Fil-A, Jamba Juice, and others.

Mobile phone users represent a large and captive audience. While televisions, radios, and even PCs are often shared by multiple consumers, mobile phones are personal devices representing a unique and individual address to the end user. We believe that the future of digital media will be significantly influenced by mobile phones where a direct, personal conversation can be had with the world's largest target audience. According to a report published by International Data Corporation, or IDC, by 2015, more U.S. Internet users will access the Internet through mobile devices than through PCs or other wireline devices. The IDC study further reports that the number of people accessing the Internet in the U.S. through PCs will shrink from 240 million consumers in 2012 to 225 million in 2016. At the same time, the number of mobile users will increase from 174 million to 265 million.

Our "C4" Mobile Marketing and Customer Relationship Management (CRM) platform is a Web-hosted software solution enabling our clients to develop, execute, and manage a variety of marketing engagements to a consumer's mobile phone. Our C4 solution allows our clients to communicate directly with their customers through Short Messaging Service (SMS), Multi-Media Messaging (MMS), smartphone application development and Interactive Voice Response (IVR) interactions, all of which are facilitated via a set of Graphical User Interfaces (GUIs) operated from any Web browser.

Our C4 platform also allows our customers to deploy and administer our "Stampt" mobile device loyalty application. Stampt is a smartphone replacement for "Buy 10, Get 1 free" punch cards. Consumers no longer need to worry about forgetting paperbased loyalty punch cards. Stampt makes it easy to receive all of the rewards consumers want from their favorite businesses. Consumers can use Stampt throughout the United States to earn free sandwiches, coffee, pizza, frozen yogurt, donuts, bagels and more. Stampt's nearby feature shows consumers all of the rewards they can earn at nearby businesses. From the Stampt mobile device application, consumers simply tap any business to learn more about that business and to see all of the loyalty points they have earned at that business. Consumers can keep track of all of the rewards they are close to earning through the "my cards" feature displayed in the application's interface. Once a consumer has earned all of the Stampts they need for a reward, they simply show the cashier and click "tap to redeem" button from the application interface on their device. Our customers can create and manage any Stampt program from the C4 platform's set of Web-based interfaces.

We also offer our clients reporting and analytics capabilities through the C4 solution which allows our clients to assess the effectiveness of their mobile marketing campaigns and design more effective campaigns. proprietary platform connects to all wireless carriers so that any consumer, on any wireless service (for example, Verizon), can join our customer's mobile marketing campaign. Once the consumer has subscribed to our customer's mobile marketing campaign, our C4 Web-based software solution serves as a tool by which our customers can initiate messages and other communications back to their subscribed consumers, as well as configure and administer their mobile marketing campaigns.

We believe that mobile devices are emerging as an important interactive channel for brands to reach consumers since it is the only media platform that has access to the consumer virtually anytime and anywhere. According to an August 2013 eMarketer report, U.S. adults now spend more time on their mobile device than any other digital channel such as PCs. eMarketer also reports that U.S. adults already spend more time on their mobile phone than viewing print or listening to radio combined. We believe that brands and advertising agencies are recognizing the unique benefits of the mobile channel and they are increasingly integrating mobile media within their overall advertising and marketing campaigns. We also believe the future of mobile applications and services includes banking, commerce, advertising, video, games and just about every other aspect of both on and offline life. Our objective is to become the industry leader in connecting brands and enterprises to consumers' mobile phones.

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## Our Strategy

Our objective is to build an industry-leading Software-as-a-Service (SaaS) product that connects consumers to merchants and brands. The key elements to our strategy are:

Exploit the competitive advantages and operating leverage of our technology platform. The core of our business is our proprietary, enterprise-grade C4 technology platform. We believe that our C4 platform is more advanced than technologies offered by our competitors and provides us with a significant competitive advantage. With more than seven years of development, we believe that our C4 platform operates SMS text messaging transactions at a “least cost” relative to competitors while also being capable of supporting SMS text messaging transactional volume necessary to support our goal of several thousand end users. Additionally, our C4 platform supports “Interactive Voice Response”, or “IVR”, capabilities that we believe are unique to our solution and will allow Mobivity to deliver additional capabilities beyond SMS text messaging that will be unique and valuable to the marketplace. Our C4 platform also provides features that allow our customers to manage their Stamp mobile device application in conjunction with SMS text messaging campaigns, which we believe is a unique combination of both SMS text messaging and mobile device application management.

Expand our sales and customer support infrastructure. We have historically focused our efforts on the development of our technology and solutions. Going forward, we intend to increase significantly our investments in sales and customer support.

Acquire complementary businesses and technologies. Our future growth will largely depend upon our ability to acquire and integrate complementary businesses. We intend to target companies with some or all of the following characteristics: (1) an established revenue base, (2) strong pipeline and growth prospects, (3) break-even or positive cash flow, (4) opportunities for substantial expense reductions through integration into our platform, (5) strong sales teams, and (6) technology and services that further build out and differentiate our platform.

Build our intellectual property portfolio. We currently have two issued patents that we believe have significant potential application in the mobile marketing industry. We plan to continue our investment in building a strong intellectual property portfolio.

While these are the key elements of our current strategy, there can be no guarantees that our strategy will not change or that our strategy will be successful.

## Industry Background

We believe industry trends point to a shift in the local marketing industry in both how merchants and brands market their products and services to local customers. We believe that consumers are transitioning to new digital channels and moving away from legacy marketing channels. It is this transition that we believe has created an opportunity for new and innovative local marketing services and technologies to evolve. We believe that consumers are increasingly devoting their attention and lifestyle to mobile devices and that marketers will need new products, technologies, and

services tailored for consumer's mobile devices.

According to BIA/Kelsey's U.S. Local Media Forecast (2012-2017), local marketing spend is projected to grow from \$132.5 billion in 2012 to \$148.8 billion by 2017. Local marketing is comprised of "traditional" channels, such as radio, print, or television, and "digital" channels such as personal computers, mobile phones, or tablets. BIA/Kelsey projects that local marketing spend on traditional channels will decrease 2.2% in 2013, while local marketing spend on digital channels will grow 11.7%. BIA/Kelsey also forecasts that local mobile marketing spend will increase 750% by 2017 to \$9.1B.

According to tracking firm eMarketer's data, while U.S. adults spend on average 4 hours and 31 minutes per day viewing TV, in 2013 they will spend 5 hours and 9 minutes every day on average using digital media such as mobile apps, streaming video, games, or browsing the Web. Furthermore, eMarketer reports that the leading digital platform is the mobile device which, at 2 hours and 21 minutes per day, exceeds the combined time spent on print (32 minutes) and radio (1 hour, 26 minutes).

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Mobile marketing campaigns use multiple channels to reach the consumer, including mobile web sites, mobile applications, mobile messaging and mobile video, all of which can be integrated into interactive campaigns. Each channel can link to additional mobile content or channels, as well as to complementing traditional media. Mobile marketing provides a powerful, instant and interactive response path in that consumers may send a keyword to a short code via SMS, or register on a mobile web site. This makes the mobile phone a precisely targeted communication channel, where users are highly engaged with content. As a result, the mobile channel is believed to be a highly effective campaign tool and its response levels are high compared to other media. We believe that mobile is valuable as a stand-alone medium for marketing, but it is also well suited for a vital role in fully integrated cross-media campaign plans, including TV, print, radio, outdoor, cinema, online and direct mail. We believe that the future of digital media will be significantly influenced by mobile phones where a direct, personal conversation can be had with the world's largest network.

### The Mobivity Solution

Our mobile marketing platform is designed to allow brands to operate mobile marketing campaigns, as well as resellers to market their own mobile marketing platform under their own brand identity. As of the date of the prospectus, we have approximately 11,000 customers utilizing our mobile marketing platform and we deliver on their behalf an average of 12 million SMS text messages per month. Our customers are spread over all industries that market to individual consumers and range in size from national franchisers to the single site family-owned business. Our clients access our "C4" solution through a standard Web browser that allows them to directly conduct the setup, messaging, and ongoing Customer Relationship Management (CRM) with the consumers they market to. Our customers are given a dedicated support representative along with account credentials to access their own C4 account from any Web browser.

**Campaign Setup:** Initially, our clients will use their own C4 account on our proprietary platform to design their mobile marketing campaign for purposes of attracting customers to subscribe for the customer's mobile messaging service. In compliance with federal and state laws relating to mobile marketing, marketers typically attract customers to their mobile messaging service through media communications distributed through non-mobile devices, media, other than mobile devices, including store signage, billboards other forms of print media and digital media not directed through a mobile device. Our C4 solution also allows for the creation and design of digital display graphics that can be displayed on television screens, digital scoreboards, or other digital screens where an animated or more graphically rich solicitation may be desired. Digital displays are particularly useful on large digital scoreboard displays at sporting events. Through these various forms of communication, customers of our clients will be invited to subscribe to SMS text messaging communications (for example, "Join our mobile VIP club! Text "Pizza" to 12345") or to set-up loyalty offers through our Stampt smartphone loyalty application (for example, "Download Stampt, use your iPhone or Android phone to join our loyalty program – "buy five sandwiches and get one free!"). Consumers responding to these communications will be directed to our clients' own C4 account on our proprietary platform, where our platform records and stores the consumer's relevant information for access by our client. stores. Once the consumer has subscribed to our customer's mobile marketing campaign, our C4 solution serves as a tool by which our customers can initiate messages and other communications back to their subscribed consumers, as well as configure and administer their mobile marketing campaigns..

**Messaging.** Our C4 platform allows for marketers to instantly message their subscribers via SMS text messaging or "push" messaging to users of the Stampt smartphone application. Our platform is designed to be a fully automated, self executing tool where our clients access their own C4 account on our proprietary platform, design and create their mobile marketing message, designate to whom among their list of opted-in consumers the message will be sent and then select the time (or times) the message will be distributed. Each customer is assigned a dedicated support representative to provide support in this process, however the platform is designed to provide the customer with the ability to design and carry-out the entire campaign through their remote online access to our platform. Our customers

are provided with an instant communication channel to alert their subscribers of events, specials, or other announcements. Our C4 platform provides various messaging tools for marketers to create and initiate these messages in real-time or for future broadcasts. The solution also allows the marketer to connect to Facebook or Twitter accounts so that their messaging broadcasts to select social media channels if desired.

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Customer Relationship Management (CRM). Our C4 solution offers our customers a variety of CRM services, including the success rate for each media campaign designed to attract subscribers to the customer's mobile marketing campaign, historical data and success rate with regard to each mobile message sent. The subscriber records and various reporting features offered by the CRM function provide marketers with quick access to a variety of useful data points. Tracking subscriber and messaging activity over time is useful in handling customer inquiries or issues with the marketing program or to gain insights into subscriber behavior. For example, a marketer might want to examine how the total number of subscribers gained from a recent promotion of their call-to-action. The Mobivity solution provides various default reports while allowing for Mobivity customers to request custom reports tailored for their specific needs.

Stampt Smartphone Loyalty Application. Stampt is a smartphone application available to both iPhone and Android smartphones. The application is acquired by consumers via download from the Apple Appstore or Google's Market service. Once installed, consumers can view local merchants who are setup on our C4 platform to offer mobile loyalty cards. Mobile loyalty cards allow consumers using Stampt to visit merchants and participate in loyalty programs (for example, "buy 10, get 1 free") that are setup by merchants using the Mobivity solution. Consumers can also receive instant offers sent from merchants through our platform's messaging features. The Stampt application allows consumers to register purchases by using the Stampt application on their smartphone to take a quick picture of a special code that the merchant provides at the time of purchase. The purchase is also registered on the merchant's own account on our C4 platform. The Stampt application instantly verifies the consumer's location at the related merchant's location of business and registers the purchase. Purchases are then depicted on the Stampt application so the consumer and the merchant know how many purchases are required to earn a reward.

Resellers. Our platform can be white-labeled to allow for resellers or agents to market and deliver their own branded mobile marketing solution complete with all of the features of the C4 platform. Resellers are provisioned their own Web-based administration system whereby they can create and track their own customers' use of the product.

In the future, we intend to develop additional platform features that with the goal of driving additional value to the evolving mobile marketing industry.

## Marketing and Sales

We market and sell the services offered over our proprietary C4 platform directly through our own sales force, via resellers, and in some cases through agents. Our services are predominantly marketed and sold in the form of a recurring software licensing fee that is determined by desired features and the number of physical locations our customers would like to deploy the services in. For example, a customer who exclusively utilizes our SMS text messaging feature for one location will pay a much lower recurring licensing fee than a marketer who desires our full breadth of product features and needs to drive localized marketing campaigns across 50 locations in various cities or locales.

In addition to license fees, we also arrange for a transaction fee in special cases where our customers require greater bandwidth or throughput to process large volumes of mobile messaging transactions. For example, a customer may want to utilize our services for a major sporting event when there may be tens of thousands of fans who are expecting a "score alert" sent to their mobile phone via a SMS text message. In this case, the required resources to facilitate a large number of SMS messages in a short period of time is much higher and therefore we may charge an additional per-SMS text message fee to our customer.

Direct Sales. Our direct sales force is predominantly comprised sales representatives employed by us to promote and sell our services in various geographical areas.

**Resellers.** We sell our services via wholesale pricing of licensing and transactional fees to various resellers who market and sell the Mobivity services under their own brand.

**Agents.** We also engage independent agents to market and sell our services under the Mobivity brand in return for payment of a commission or revenue share for customers they introduce to us.

In addition to our direct and indirect sales channels, we also market our services online through our Website, Facebook, Twitter, LinkedIn, and other online channels. We also participate in various trade and industry events to build awareness and promote exposure to our services and brand.

## Research and Development

We have developed an internal and external software development team with many years of experience in the mobile advertising and marketing industries. As of the date of this prospectus, we have two full time employees engaged in engineering and software developments and two full-time employees engaged in quality assurance and testing in our development centers located at our facilities in Chandler, Arizona. Additionally, we have four full time software development and engineering contractors located in Sri Lanka and Spain. We also contract with various outsourced development and engineering partners in the United States. Our research and development activities are focused on enhancements to our platform, including extending our technology into payment processing, location based services, application analytics, and other technical opportunities in the evolving mobile industry.

Our total research and development expenditures in 2012 and 2011 were \$562,549 and \$347,884, respectively. We expect our total research and development expenditures in calendar year 2013 to be approximately \$600,000.

## Competition

Although the market for mobile marketing software and solutions is relatively new, it is very competitive. We compete with companies of all sizes in select geographies that offer solutions that compete with various elements of our platform and offering, such as SMS text messaging service providers or providers of mobile smartphone applications. We also compete at times with interactive and traditional advertising agencies that perform mobile marketing as part of their services to their customers. Many of these entities have significantly greater resources than we do.

Many of the leading providers of online services have begun to develop or acquire mobile marketing platforms with features similar to ours. For example, in May 2010, Google, Inc. acquired Admob, Inc. and in January 2010 and Apple, Inc. acquired Quattro Wireless. Each of the acquired companies was engaged in mobile marketing. In addition, we believe that Facebook, AOL, Microsoft and Yahoo! have each begun to develop mobile marketing platforms. .

We believe that the key competitive factors that differentiate us from our competitors include:

Demonstrable experience and competence. We have been providing mobile marketing services since 2006. In 2009, Sybase, an international enterprise software and services company, awarded us their Innovator of the Year. Major brands such as Jamba Juice, Sony Pictures, Univision, and Sonic Corporation have selected Mobivity's products and services.

Competitive pricing. We believe we are one of the few mobile marketing providers in the industry that can provide SMS text messaging services at a flat licensing fee structure rather than charging for every SMS text message transaction processed. We also believe that we have a "least cost" operating advantage that competitors may find challenging to compete with.

Scalability. We believe that our platform is more scalable than most if not all of our competitors. Many of our customers require large volumes of mobile marketing messages to be transacted and a high quantity of end users operating our Web-based product features. We have grown our monthly messaging volume from less than 1 million SMS text messages per month in 2010 to more than 12 million per month as of the date of this prospectus. The number of

customers utilizing our Web-based product has also grown from less than 100 in 2010 to more than 11,000 as of the date of this prospectus.

#### Seasonality

Our business, as is typical of companies in our industry, is highly seasonal. This is primarily due to traditional marketing and advertising spending being heaviest during the holiday season while brands, advertising agencies, mobile operators and media companies often close out annual budgets towards the end of the calendar year. Seasonal trends have historically contributed to, and we anticipate will continue to contribute to fluctuations in our quarterly results, including fluctuations in sequential revenue growth rates.

## Intellectual Property

We regard the protection of our developed technologies and intellectual property rights as an important element of our business operations and crucial to our success. We rely primarily on a combination of patent laws, trademark laws, copyright laws, trade secrets, confidentiality procedures and contractual provisions to protect our proprietary technology. We generally require our employees, consultants and advisors to enter into confidentiality agreements. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except under specific circumstances. In the case of our employees, the agreements provide that all of the technology which is conceived by the individual during the course of employment is our exclusive property. The development of our technology and many of our processes are dependent upon the knowledge, experience and skills of key scientific and technical personnel.

As of the date of this prospectus we own four patents. Additionally, we have two pending U.S. patent applications. U.S. Patent numbers 7991388 B1 and 8,244,216 B1 were issued on August 2, 2011 and August 14, 2012, respectively. These patents cover a geo-bio-metric personal identification number, a service that authenticates a user from a feature phone or smart phone using a number of mobile attainable attributes: geolocation, facial image, accelerometer (which measures the physical orientation or movement of the device itself), and text messaging. The purpose of the geo-bio-metric PIN service is to authenticate a user while verifying the following: the user is currently using his other phone; the user is at the location that their phone is at; the user is not at another location and using their phone through a proxy; and an impostor is not using the phone.

In March 2011, we acquired US Patent number 6788769 B1 which covers a method and system for using telephone numbers as a key to address email and online content without the use of a look-up database. Using this system, a phone number is used to access a website or an email address in exactly the same way it is used to dial a telephone.

On June 11, 2013, we were issued US Patent number 8,463,306 which covers a method and system for testing a SMS text messaging network. The method and system allows for real-time testing of the initiation and completion of SMS text messages and any delivery delays across the major American mobile phone carriers, and accurately measures the progress on SMS broadcasts and records when a broadcast has been completed.

We filed U.S. Provisional Patent Application number 20070249369 on April 25, 2007. This patent application covers a system, method and apparatus for delivering Web content to a mobile telephone or related device by using a dialing code. For example, a user can dial a telephone number, or other dialing code, and subsequently receives content sent to the user's mobile handset. The patent also covers a system by which Web content can be sent to the user's phone via a wireless application protocol process.

We filed U.S. Provisional Patent Application number 12/983284 on December 8, 2010. This patent application covers a content delivery method and system for initiating and responding to requests for information over a mobile device in one mode of communication, such as voice, SMS or Web, and then delivering the requested information in the same or a different communication mode as selected by the recipient.

Our issued and any future patents that may issue may not survive a legal challenge to their scope, validity or enforceability, or provide significant protection for us. The failure of our patents, or the failure of our copyright and trade secret laws to adequately protect our technology, might make it easier for our competitors to offer similar products or technologies. In addition, patents may not issue from any of our current or any future applications.





## Government Regulation

The growth and development of the mobile messaging market and the market for electronic storage of personal information has resulted in a variety of stringent consumer protection laws, many of which impose significant burdens on companies that store personal information. Depending on the products and services that they offer, mobile data service providers may be subject to regulations and laws applicable to providers of mobile, Internet and VOIP services, including domestic and international laws and regulations relating to user privacy and data protection, defamation, pricing, advertising, taxation, gambling, sweepstakes, promotions, billing, real estate, consumer protection, accessibility, content regulation, quality of services, telecommunications, mobile, television and intellectual property ownership and infringement. We expect that the regulation of our industry generally will continue to increase and that we will be required to devote increasing amounts of legal and other resources to address this regulation. In addition, the application of existing domestic and international laws and regulations relating to issues such as user privacy and data protection, marketing, advertising, consumer protection and mobile disclosures in many instances is unclear or unsettled.

In addition to its regulation of wireless telecommunications providers generally, the U.S. Federal Communications Commission, or FCC, has examined, or is currently examining, how and when consumers enroll in mobile services, what types of disclosures consumers receive, what services consumers are purchasing and how much consumers are charged. In addition, the Federal Trade Commission, or FTC, has been asked to regulate how mobile marketers can use consumers' personal information. Consumer advocates claim that many consumers do not know when their information is being collected from cell phones and how such information is retained, used and shared with other companies. Consumer groups have asked the FTC to: identify practices that may compromise privacy and consumer welfare; examine opt-in procedures to ensure consumers are aware of what data is at issue and how it will be used; investigate marketing tactics that target children; and create policies to halt abusive practices. The FTC has expressed interest in particular in the mobile environment and services that collect sensitive data, such as location-based information.

The principal laws and regulations that pertain to us and our customers in connection with their utilization of our platform, include:

Deceptive Trade Practice Law in the U.S. The FTC and state attorneys general are given broad powers by legislatures to curb unfair and deceptive trade practices. These laws and regulations apply to mobile marketing campaigns and behavioral advertising. The general guideline is that all material terms and conditions of the offer must be "clearly and conspicuously" disclosed to the consumer prior to the buying decision. The balancing of the desire to capture a potential customer's attention, while providing adequate disclosure, can be challenging in the mobile context due to the lack of screen space available to provide required disclosures.

Behavioral Advertising. Behavioral advertising is a technique used by online publishers and advertisers to increase the effectiveness of their campaigns. Behavioral advertising uses information collected from an individual's web-browsing behavior, such as the pages they have visited or the searches they have made, to select which advertisements to display to that individual. This data can be valuable for online marketers looking to personalize advertising initiatives or to provide geo-tags through mobile devices. Many businesses adhere to industry self-governing principles, including an opt-out regime whereby information may be collected until an individual indicates that he or

she no longer agrees to have this information collected. The FTC and EU member states are considering regulations in this area, which may include implementation of a more rigorous opt-in regime. An opt-in policy would prohibit businesses from collecting and using information from individuals who have not voluntarily consented. Among other things, the implementation of an opt-in regime could require substantial technical support and negatively impact the market for our mobile advertising products and services. A few states have also introduced bills in recent years that would restrict behavioral advertising within the state. These bills would likely have the practical effect of regulating behavioral advertising nationwide because of the difficulties behind implementing state-specific policies or identifying the location of a particular consumer. There have also been a large number of class action suits filed against companies engaged in behavioral advertising.

**Behavioral Advertising-Privacy Regulation.** Our business is affected by U.S. federal and state, as well as EU member state and foreign country, laws and regulations governing the collection, use, retention, sharing and security of data that we receive from and about our users. In recent years, regulation has focused on the collection, use, disclosure and security of information that may be used to identify or that actually identifies an individual, such as an Internet Protocol address or a name. Although the mobile and Internet advertising privacy practices are currently largely self-regulated in the U.S., the FTC has conducted numerous discussions on this subject and suggested that more rigorous privacy regulation is appropriate, including regulation of non-personally identifiable information which could, with other information, be used to identify an individual. Within the EU, member state data protection authorities typically regard IP addresses as personal information, and legislation adopted recently in the EU requires consent for the placement of a cookie on a user device. In addition, EU data protection authorities are following with interest the FTC's discussions regarding behavioral advertising and may follow suit by imposing additional privacy requirements for mobile advertising practices.

**Marketing-Privacy Regulation.** In addition, there are U.S. federal and state laws and EU member state and other country laws that govern SMS and telecommunications-based marketing, generally requiring senders to transmit messages (including those sent to mobile devices) only to recipients who have specifically consented to receiving such messages. U.S. federal, EU member state and other country laws also govern e-mail marketing, generally imposing an opt-out requirement for emails sent within an existing business relationship.

**SMS and Location-Based Marketing Best Practices and Guidelines.** We are a member of the Mobile Marketing Association, or MMA, a global association of 700 agencies, advertisers, mobile device manufacturers, wireless operators and service providers and others interested in the potential of marketing via the mobile channel. The MMA has published a code of conduct and best practices guidelines for use by those involved in mobile messaging activities. The guidelines were developed by a collaboration of the major carriers and they require adherence to them as a condition of service. We voluntarily comply with the MMA code of conduct. In addition, the Cellular Telephone Industry Association, or CTIA, has developed Best Practices and Guidelines to promote and protect user privacy regarding location-based services. We also voluntarily comply with those guidelines, which generally require notice and user consent for delivery of location-based services.

**TCPA.** The United States Telephone Consumer Protection Act, or TCPA, prohibits unsolicited voice and text calls to cell phones through the use of an automatic telephone-dialing system (ATDS) unless the recipient has given prior consent. The statute also prohibits companies from initiating telephone solicitations to individuals on the national Do-Not-Call list, and restricts the hours when such messages may be sent. Violations of the TCPA can result in statutory damages of \$500 per violation (i.e., for each individual text message). U.S. state laws impose additional regulations on voice and text calls. We

believe that our platform does not employ an ATDS within the meaning of the TCPA based on case law construing that term.

CAN-SPAM. The U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act, or CAN SPAM Act, prohibits all commercial e-mail messages, as defined in the law, to mobile phones unless the device owner has given "express prior authorization." Recipients of such messages must also be allowed to opt-out of receiving future messages the same way they opted-in. Senders have ten business days to honor opt-out requests. The FCC has compiled a list of domain names used by wireless service providers to which marketers may not send commercial e-mail messages. Senders have 30 days from the date the domain name is posted on the FCC site to stop sending unauthorized commercial e-mail to addresses containing the domain name. Violators are subject to fines of up to \$6.0 million and up to one year in jail for some spamming activities. Carriers, the FTC, the FCC, and State Attorneys General may bring lawsuits to enforce alleged violations of the Act.

Communications Privacy Acts. Foreign and U.S. federal and state laws impose liability for intercepting communications while in transit or accessing the contents of communications while in storage. EU member state laws also require consent for our receiving this information, and if our carrier customers fail to obtain such consent we could be subjected to civil or even criminal penalties.

Security Breach Notification Requirements. EU member state laws require notice to the member state data protection authority of a data security breach involving personal data if the breach poses a risk to individuals. In addition, Germany recently enacted a broad requirement to notify individuals in the event of a data security breach that is likely to be followed by notification requirements to data subjects in other EU member states. In the U.S., various states have enacted data breach notification laws, which require notification of individuals and sometimes state regulatory bodies in the event of breaches involving certain defined categories of personal information. Japan and Uruguay have also recently enacted security breach notice requirements. This new trend suggests that breach notice statutes may be enacted in other jurisdictions, including by the U.S. at the federal level, as well.

Children. The Children's Online Privacy Protection Act prohibit the knowing collection of personal information from children under the age of 13 without verifiable parental consent, and strictly regulate the transmission of requests for personal information to such children. Other countries do not recognize the ability of children to consent to the collection of personal information. In addition, it is likely that behavioral advertising regulations will impose special restrictions on use of information collected from minors for this purpose.

#### Employees

As of the date of this prospectus, we had 26 full-time employees, two part-time employee and two contract employees. Our sales, marketing, and business development functions are provided by 13 full-time employees and one part-time employee. Our engineering and research and development functions are provided by one full-time employee and one independent contractor. Our client service functions are provided by 11 full time employees and one independent contractor. Our general administration, finance, and executive management consist of five full-time employees and one part-time employee.

#### Property

We currently lease 6,730 square feet of office space located at 58 W. Buffalo St., Chandler, Arizona. Monthly rental payments, excluding common area maintenance charges, are \$11,557 in 2013, \$11,958 in 2014 and \$12,357 in 2015. The 63 month lease term expires December 31, 2015. We believe the property is sufficient for our needs at this time.

We also lease approximately 400 square feet of satellite office space located at 10251 Vista Sorrento Pkwy, San Diego, California, at a monthly expense of \$1,800, on a month to month basis.

#### Litigation

There are no pending legal proceedings, other than routine litigation incidental to our business, to which we or our properties are subject.

## MANAGEMENT

Set forth below are our directors and officers:

Name	Age	Position
Dennis Becker	39	Chief Executive Officer and Chairman of the Board
Michael K. Bynum	58	President and Director
Timothy Schatz	42	Chief Financial Officer
Geri Suster	47	Chief Operating Officer
Tom Tolbert	42	Executive Vice President and Chief Sales Officer
Jeff Hasen	54	Chief Marketing Officer
David Jaques	57	Director
Doug Schneider	50	Director
Peter Brodsky	42	Director
John Harris	64	Director

Dennis Becker - Chief Executive Officer and Director

Dennis Becker was appointed our Chief Executive Officer and a Director effective as of our acquisition of Mobivity, Inc. in November 2010. Mr. Becker has also served as President and Chief Executive Officer of Mobivity, Inc. since September, 2007. He was a founder of Frontieric Corporation, a pioneer in providing complex call routing and merchant processing applications, where he was Chief Executive Officer from 2002 to 2005. Mr. Becker was also Chief Executive Officer of Bexel Technologies, which served solutions to large enterprise, from 1999 to 2001. Mr. Becker studied Computer Science at the University of Oregon and served in the United States Air Force.

Michael K. Bynum - President and Director

Michael K. Bynum was appointed as our President and a Director on May 20, 2013. Prior to joining the Company, Mr. Bynum served as chief executive officer and president of Phone Directories Corp, a Utah-based publisher of yellow page phone books, from July 2007 through June 2010. Mr. Bynum was also an investor and a director. From June 2006 until June 2010, Mr. Bynum was an investor and director of Canpages, the largest independent telephone directory publisher in Canada. In May 1993, Mr. Bynum and seven partners founded TransWestern Publishing, an independent publisher of telephone directories. Mr. Bynum served as executive vice-president of sales until May 2003. Mr. Bynum also serves as a director of the Oklahoma Wildlife Management Association, which he co-founded in 2006. Since 2010 Mr. Bynum has managed his private investments.

Timothy Schatz - Chief Financial Officer

Since January 2010, Mr. Schatz has been the Director of Finance and subsequently Vice President of Finance for Mobivity Holdings Corp. Mr. Schatz was appointed CFO on February 1, 2012. From 2008 to 2009, Mr. Schatz functioned as Corporate Accounting Manager for Locallife USA, a San Diego startup involved with local internet search engine technology and local small business marketing strategies. Until 2008, Mr. Schatz spent 13 years with Enterprise Rent-A-Car, with the final 6 years as Regional Business Manager / Controller of the Inland Empire Los Angeles region, encompassing 40 locations and over 300 employees. Mr. Schatz graduated with a Bachelor of Science in Accountancy from San Diego State University.

Geri Suster - Chief Operating Officer

Effective as of June 21, 2013, Geri Suster was appointed as the Company's Chief Operating Officer. Prior to joining the Company, Ms. Suster served as the Vice President of Operations of ZipLocal, a Goldman Sachs company, which is a provider of a variety of print and digital advertising solutions to local businesses across the United States. Ms. Suster joined ZipLocal in 2008 and was responsible for all production, customer service, IT, printing and distribution of both on-line and printed directory products. Ms. Suster studied journalism at San Diego State University-California State University.

Tom Tolbert - Executive Vice President and Chief Sales Officer

Tom Tolbert was appointed as our Executive Vice President and Chief Sales Officer on May 20, 2013. Prior to joining the Company, Mr. Tolbert served as chief executive officer of Front Door Insights, LLC, from 2009 to 2013, which was recently acquired by the Company. From 2002 to 2008, Mr. Tolbert served as regional vice president and then senior vice president of sales at KW Brock Directories, a Pittsburg, Kansas based business engaged in delivering print and digital marketing services to local advertisers.

Jeff Hasen - Chief Marketing Officer

On July 22, 2013, Jeff Hasen joined the Company as our Chief Marketing Officer. Mr. Hasen previously served as chief marketing officer of Hipcricket, Inc., a wholly owned subsidiary of Augme Technologies, Inc., from May 2007 until March 2013. Mr. Hasen has a Bachelor's of Arts degree (1980) in TV/Radio from Brooklyn College.

David Jaques - Director

David Jaques has served as a director since December 2011. Mr. Jaques has held senior financial positions in banking, corporate and venture capital. In his early career, he held various positions with Barclays Bank in London and provided advisory services in currency and interest rate risk management to the bank's corporate clients. He held a similar role at Barclays Bank, New York from 1988 to 1993. He was Senior Vice President and Treasurer of Silicon Valley Bank between 1994 and 1999; founding CFO for PayPal from 1999 to 2001 and CFO of BlueRun Ventures from 2001 to 2008. Since 2008 he has provided CFO consulting services with Greenough Consulting Group and holds a board position at UBL Interactive, Inc. (UBLI.PK).

Doug Schneider - Director

Mr. Schneider has been a director since December 2010. Mr. Schneider has a twenty year track record of leadership and success in launching, building, and managing high-tech service oriented companies. He has served as Executive Vice President of the SMB Solutions for the Melbourne IT Group since July 2012 and oversees a \$75MM per year hosting and domain registration business across North American and Asia Pacific. From 2011 to 2012, Mr. Schneider served as CEO for Transaction Wireless, a venture backed technology company where he still resides on the board. From 2007 to 2010, Mr. Schneider was the CEO of Genea Energy, a clean tech company that provides an innovative and comprehensive SaaS based energy services platform for commercial office building portfolios. Mr. Schneider received a Bachelor's degree in Mechanical Engineering from University of California, Davis and an M.B.A. from the Kellogg School of Management at Northwestern University. He also serves as an industry advisor to Pelion Venture Partners, a venture capital firm focused on the information technology sector.



Peter Brodsky - Director

Effective July 1, 2013, Peter Brodsky was elected as a member of the Company's Board of Directors. Since 2011 Mr. Brodsky has been a partner at HBC Investments, a private equity firm located in Dallas, Texas, that specializes in investments of middle-market companies. Prior to joining HBC Investments, from 1995 to December 2010, Mr. Brodsky was employed by Hicks, Muse, Tate & Furst (renamed HM Capital Partners in 2006), a nationally prominent private equity firm in the United States that specialized in leveraged acquisitions, and served as a partner beginning in 2001. While at Hicks Muse/HM Capital, Mr. Brodsky was active in sourcing, executing, overseeing and/or executing numerous transactions, valued in excess of \$2.5 billion. Beginning in 2004, Mr. Brodsky was responsible for Hicks Muse/HM Capital's investments in the media and communications industries and served on the firm's Investment Committee, which was responsible for all investment decisions of the firm. Mr. Brodsky currently serves on the board of directors of LIN Media Corporation (NYSE: TVL), a local multimedia company that owns, operates or services 32 network-affiliated broadcast television stations in 17 U.S. markets, an interactive television station and niche web sites, mobile platforms, performance-based local and national advertising solutions, and other digital services. Mr. Brodsky also serves on several non-profit Boards, including: KIPP: Dallas-Fort Worth, a high-performing charter school group, where he serves as Chairman; AT&T Performing Arts Center, the owner and operator of Dallas' premier arts performance venues; and Greenhill School, an co-educational independent school serving children in pre-kindergarten through 12th grade. Mr. Brodsky previously served on the boards of: Unitek Global Services (NASDAQ: UNTK), a provider of engineering, construction management and installation fulfillment services to companies specializing in the telecommunications, broadband cable, wireless, two-way radio, transportation, public safety and satellite industries; and MaineToday Media, Maine's largest media company. Mr. Brodsky received a Bachelor of Arts degree from Yale University in 1992.

John Harris - Director

Mr. Harris has been a director since January 2011. Mr. Harris has served as an operating partner with GlendonTodd Capital, a Dallas based private equity firm since February 2011. From 2010 to 2012 Mr. Harris was CEO and investor with Chemical Information Services, a leading provider of database services to the chemical and pharmaceutical industries. From 2006 to 2009, Mr. Harris was President and CEO of eTelecare Global Solutions; a business process outsourcing ("BPO") company delivering technical support, sales, and customer care services to the Fortune 1000 market. In that capacity, he successfully led the company's IPO, privatization and ultimate merger in 2009 that created a \$1 billion BPO services company. Previously, Mr. Harris served in various executive level positions with Electronic Data Systems over a 25 year period. Mr. Harris graduated from the University of West Georgia with a BBA and MBA and is on the Board of Advisors to the Richardson School of Business. He has held board positions with a number of public and private telecommunications and technology services companies, and he currently sits on the boards of Premier Global Services, The Hackett Group, DG FastChannel and BancTec Corporation. He is a member of the compensation committee of the board of each of these companies and sits on the audit committee of the board of DG FastChannel.

## Executive Compensation

The following table provides information regarding the compensation earned during the years ended December 31, 2012 and 2011 by our (i) Chairman and Chief Executive Officer, and (ii) Chief Financial Officer. We refer to these two individuals collectively as our “named executive officers”.

Summary Compensation Table\*

Name and Principal Position	Year	Salary	Bonus	Option Awards	Total
Dennis Becker, CEO (1)	2012	\$ 228,906	\$ 60,000	\$ 191,342	\$ 480,248
	2011	\$ 128,807	\$ -	\$ 22,249	\$ 151,056
Timothy Schatz, CFO (2)	2012	\$ 124,050	\$ 15,000	\$ 24,732	\$ 163,782
Paul Meyer, CFO (3)	2011	\$ 13,750	\$ -	\$ 39,945	\$ 53,695
Matt Szot, CFO (4)	2011	\$ 43,487	\$ -	\$ -	\$ 43,487

\*In accordance with the rules and regulations promulgated by the Securities and Exchange Commission, the table omits columns that are not applicable.

(1) The Option Award expense for Mr. Becker refers to Mobivity Holdings Corp. options granted by our board of directors on December 24, 2010 pursuant to the Incentive Stock Option Plan approved by the board on the same date.

(2) Timothy Schatz was appointed Chief Financial Officer effective February 1, 2012. Amounts in the table above reflect his compensation after his appointment.

(3) Paul Meyer served as CFO from November 2, 2010 to July 1, 2011.

(4) Matt Szot served as CFO from July 22, 2011 to October 31, 2011.

The amounts reported in Option Awards column of the table above reflect the aggregate compensation costs for financial statement reporting purposes for fiscal 2012 and 2011 under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, Compensation – Stock Compensation (formerly referenced as Statement of Financial Accounting Standards No. 123(R)). These amounts do not reflect amounts paid to or realized by the executive officers for fiscal 2012 or 2011. Actual amounts earned for fiscal 2012 and 2011 are included in the Summary Compensation Table above. For information on the method and assumptions used to calculate the compensation costs, see Note 7 to our audited consolidated financial statements contained herein. The Option Award expense for Mr. Becker and Mr. Meyer refer to Mobivity Holdings Corp. options granted by our board of directors on December 24, 2010 pursuant to the Incentive Stock Option Plan approved by the Board on the same date.

## Narrative Disclosure to Executive Compensation Table; Employment Agreements

As of the date of this prospectus, our executive officers are comprised of Messrs. Becker, Bynum, Schatz, Tolbert, Hasen and Ms. Suster.

On January 11, 2011, we entered into an employment agreement with Dennis Becker. Under the terms of the agreement, Mr. Becker will serve as our President and Chief Executive Officer for an initial term of three years from December 24, 2010 (the "Effective Date"). Unless terminated no less than 90 days prior to the expiration date by either party, the agreement is renewed automatically for successive one year periods. Under the agreement, Mr. Becker is paid a base annual salary of \$120,000. The base salary is subject to an annual increase at the sole discretion our board of directors. In addition to regular annual increases, the base salary will be increased by \$30,000 (up to a cumulative maximum of \$60,000) for each acquisition of the stock or all or substantially all of the assets of a third party entity, or the formation of joint ventures resulting in operating cash flows minus capital expenditures and dividends of no less than \$25,000 during a three month period ending six months after the completion of each such acquisition or formation of such joint venture. In addition, his salary will be increased to \$225,000 in the event we complete a financing transaction of no less than \$3,000,000 and we complete one acquisition. The board may further award him, at its sole discretion, an annual bonus of up to 50% of his base salary and grant him stock options. If the agreement is terminated by us without cause (as defined in the agreement) or the we notify Mr. Becker that we will not renew the agreement, we will be required to pay him a severance payment equal to six months of his base salary payable in regular intervals following such termination or expiration of the agreement. The agreement includes non-compete, non-solicitation, intellectual property assignment and confidentiality provisions that are customary in our industry.

Pursuant to his employment agreement with the Company, Mr. Bynum has agreed to serve as president of the Company for a three year term expiring on May 19, 2016, subject to automatic renewal for additional one year periods unless either party elects not to renew prior to the end of the then current term. The Company has agreed to pay Mr. Bynum a base salary \$200,000, subject to annual review by the compensation committee of the board of directors of the Company. The Company has also agreed to pay Mr. Bynum a quarterly bonus of one percent (1%) of the gross revenues of the Company. Pursuant to his employment agreement with the Company, Mr. Bynum is eligible to participate in all benefits, plans, and programs, including improvements or modifications of the same, which are now, or may hereafter be, available to other executive employees of Company. Mr. Bynum's employment agreement contains standard provisions concerning noncompetition, nondisclosure and indemnification.

Pursuant to Mr. Bynum's employment agreement, the Company has agreed, subject to its receipt of an additional \$3 million of working capital in the form of cash, to grant Mr. Bynum an option to purchase a number of shares of Company common stock, over a five year period from the date of grant, equal to five percent (5%) of the number of outstanding shares of the Company following the financing. The exercise price of the option shall be equal to fair market value on date of grant. The option will vest and first become exercisable as follows: (a) 20% of the shares underlying the option will vest and first become exercisable upon the date of grant; (b) 40% of the shares underlying the option will vest and first become exercisable when the Company realizes \$10,000,000 of gross revenue over any fiscal year; and (c) the final 40% of the shares underlying the option will vest and first become exercisable at the rate of 1/48th per month over a 48 month period commencing on date of grant, provided that the vesting of the final 40% shall accelerate and become fully vested when the Company realizes \$15,000,000 of gross revenue over any fiscal year. Mr. Bynum's option shall otherwise be on terms and conditions the current equity incentive plan. In the event Mr. Bynum's employment with the Company is terminated by Mr. Bynum for good reason, by the Company without cause or the Company elects not to renew his agreement, the Company shall pay Mr. Bynum, in addition to all other amounts then due and payable, 12 additional monthly installments of his base salary

On August 1, 2012, we entered into an employment agreement with Timothy Schatz. Under the terms of the agreement, Mr. Schatz will serve as our Chief Financial Officer for an initial term of three years from August 1, 2012 (the "Effective Date"). Unless terminated no less than 90 days prior to the expiration date by either party, the agreement is renewed automatically for successive one year periods. Under the agreement, Mr. Schatz is paid a base annual salary of \$160,000 and was also granted 225,000 stock options. The base salary is subject to an annual increase at the sole discretion our board of directors. The board may further award him, at its sole discretion, an annual bonus of up to 30% of his base salary and grant additional stock options. If the agreement is terminated by us without cause (as

defined in the agreement) or the we notify Mr. Schatz that we will not renew the agreement, we will be required to pay him a severance payment equal to three months of his base salary payable in regular intervals following such termination or expiration of the agreement. The agreement includes non-compete, non-solicitation, intellectual property assignment and confidentiality provisions that are customary in our industry.

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Pursuant to his employment agreement with the Company, Tom Tolbert has agreed to serve as executive vice president and chief sales officer of the Company for a three year term expiring on May 19, 2016, subject to automatic renewal for additional one year periods unless either party elects not to renew prior to the end of the then current term. The Company has agreed to pay Mr. Tolbert a base salary \$175,000, subject to annual review by the compensation committee of the board of directors of the Company. The Company has also agreed to pay Mr. Tolbert a quarterly bonus of one percent (1%) of the gross revenues of the Company. Pursuant to his employment agreement with the Company, Mr. Tolbert is eligible to participate in all benefits, plans, and programs, including improvements or modifications of the same, which are now, or may hereafter be, available to other executive employees of Company. Mr. Tolbert's employment agreement contains standard provisions concerning noncompetition, nondisclosure and indemnification.

Pursuant to Mr. Tolbert's employment agreement, the Company has agreed, subject to its receipt of an additional \$3 million of working capital in the form of cash, to grant Mr. Tolbert an option to purchase a number of shares of Company common stock, over a five year period from the date of grant, equal to five percent (5%) of the number of outstanding shares of the Company following the financing. The exercise price of the option shall be equal to the fair market value on date of grant. The option will vest and first become exercisable as follows: (a) 20% of the shares underlying the option will vest and first become exercisable upon the date of grant; (b) 40% of the shares underlying the option will vest and first become exercisable when the Company realizes \$10,000,000 of gross revenue over any fiscal year; and (c) the final 40% of the shares underlying the option will vest and first become exercisable at the rate of 1/48th per month over a 48 month period commencing on grant date, provided that the vesting of the final 40% shall accelerate and become fully vested when the Company realizes \$15,000,000 of gross revenue over any fiscal year. Mr. Tolbert's option shall otherwise be on terms and conditions the current equity incentive plan. In the event Mr. Tolbert's employment with the Company is terminated by Mr. Tolbert for good reason, by the Company without cause or the Company elects not to renew his agreement, the Company shall pay Mr. Tolbert, in addition to all other amounts then due and payable, 12 additional monthly installments his base salary.

Pursuant to his employment agreement with us, Mr. Hasen has agreed to serve as our chief marketing officer. We have agreed to pay Mr. Hasen a base salary \$180,000, subject to annual review by the compensation committee of our board of directors. We have also agreed to pay Mr. Hasen a quarterly bonus of one-quarter of one percent (0.25%) of the gross revenues of our company. Pursuant to his employment agreement with us, Mr. Hasen is eligible to participate in all benefits, plans, and programs, including improvements or modifications of the same, which are now, or may hereafter be, available to our executive employees. Mr. Hasen's employment agreement contains standard provisions concerning noncompetition, nondisclosure and indemnification.

Pursuant to Mr. Hasen's employment agreement, we agreed to grant Mr. Hasen an option to purchase 1,669,304 shares of our common stock, over a 4 year period from the date of grant, at an exercise price \$0.65 per share. Options to purchase 834,652 shares of common stock will vest and first become exercisable over a four year period at the rate of 1/48th shares per month commencing on the first month following the date of grant. Options to purchase the remaining 834,652 shares of common stock will vest and first become exercisable when we realize \$20,000,000 of gross revenue over any fiscal year. Mr. Hasen's option shall otherwise be on the terms and conditions of our current equity incentive plan. In the event Mr. Hasen's employment with us is terminated by Mr. Hasen for good reason or by us without cause, we shall pay Mr. Hasen, in addition to all other amounts then due and payable, three additional monthly installments of his base salary

Effective as of June 21, 2013, the Company entered into an employment agreement with Ms. Suster in connection with her services as Chief Operating Officer. Ms. Suster will be paid a base salary of \$170,000 per annum. The Company's Board may also award an annual bonus of up to 33% of the base salary for achieving milestones as defined by the Board from time to time. Ms. Suster will also be granted options to purchase that number of shares of common stock of the Company equal to 1.5% of the Company's outstanding shares, pursuant to the terms and conditions of the

Company's incentive stock option plan, if and when adopted by the Company. The options will vest as follows: (a) 33% of the options will vest at rate of 1/48th per month for the first forty-eight (48) months following the date of grant, (b) another 33% of the options vest when the Company reports \$500,000 of EBITDA for an entire fiscal year, and (c) the final 33% of the options will vest when the Company reports \$5,000,000 of EBITDA for an entire fiscal year. The options have a term of five years and are subject to early termination based on the termination of Ms. Suster's employment with the Company.

In addition, in the event that Ms. Suster's employment is terminated by the Company for cause, or by Ms. Suster without good reason, then Ms. Suster will be subject to a non-compete provision that generally bars Ms. Suster from soliciting any of the Company's customers or prospective customers in the United States for a period of two years from the date of the termination. If the employment is terminated by the Company without cause or by Ms. Suster with good reason, Ms. Suster will be paid a separation payment equal to three (3) months of her base salary and the restrictive period will last until one week after all payments related to the termination have been made by the Company to Ms. Suster.

#### Non-Employee Director Compensation

2012 Director Compensation Table

Name	Fees Earned	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Deferred Compensation Earnings	All Other Compensation	Total
Ronald Linares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
David Jaques	-	-	44,225(1)	-	-	-	44,225
Randall Smith	-	-	-	-	-	-	-
Fraser Clarke	-	-	20,050(2)	-	-	-	20,050
David Souaid	-	-	20,050(2)	-	-	-	20,050
Doug Schneider	-	-	20,050(2)	-	-	-	20,050
John Harris	-	-	26,733(3)	-	-	-	26,733

- (1) Compensation related to a stock option grant on December 1, 2011 for 100,000 shares at an exercise price of \$1.30 per share. The option is outstanding at December 31, 2012, and 27,083 shares are vested at December 31, 2012.
- (2) Compensation related to a stock option grant on January 18, 2011 for 75,000 shares at an exercise price of \$1.75 per share. The option is outstanding at December 31, 2012, and 25,000 shares are vested at December 31, 2012.
- (3) Compensation related to a stock option grant on January 18, 2011 for 100,000 shares at an exercise price of \$1.75 per share. The option is outstanding at December 31, 2012, and 33,000 shares are vested at December 31, 2012.

#### Narrative Disclosure to Director Compensation Table

Our non-employee directors were granted stock options as set forth in the director compensation table and notes thereto above as compensation for their service as directors. No other compensation was paid to the non-employee directors for their services. All of our directors will receive reimbursement for out-of-pocket expenses for attending board of directors meetings. In the future, our outside directors may receive an attendance fee for each meeting of the board of directors or other forms of compensation. From time to time, we may also engage certain future outside members of the board of directors to perform services on our behalf and we will compensate such persons for the services which they perform.

## Outstanding Equity Awards at December 31, 2012\*

The following table presents the outstanding option awards held by each of our named executive officers as of December 31, 2012, including the value of the options awards.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards			Stock Awards	
		Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested
Dennis Becker CEO	312,499	312,501	\$ 0.32	12/24/2015	312,501	81,250
Timothy Schatz CFO	37,499	37,501	\$ 0.32	12/24/2015	37,501	9,750
Timothy Schatz CFO	225,000	225,000	\$ 0.40	8/20/2017	225,000	58,500

\* In accordance with the rules and regulations promulgated by the Securities and Exchange Commission, the table omits columns that are not applicable.

## Compensation Committee Interlocks and Insider Participation

During the year ended December 31, 2012, our compensation committee was comprised of Randall Smith and John Harris. None of our executive officers serve on the board of directors of another entity, whose executive officers serves on our board of directors.

## Limitation of Liability of Directors and Indemnification of Directors and Officers

We have entered into indemnity agreements with certain directors, officers and other key employees of ours under which we agreed to indemnify those individuals under the circumstances and to the extent provided for in the agreements, for expenses, damages, judgments, fines, settlements and any other amounts they may be required to pay in actions, suits or proceedings which they are or may be made a party or threatened to be made a party by reason of their position as a director, officer or other agent of ours, and otherwise to the fullest extent permitted under Nevada law and our bylaws. We also have an insurance policy covering our directors and executive officers with respect to certain liabilities, including liabilities arising under the Securities Act of 1933, as amended, or otherwise. We believe that these provisions and insurance coverage are necessary to attract and retain qualified directors, officers and other key employees.



#### Related Party Transactions, Promoters and Director Independence

The following is a description of transactions or series of transactions since January 1, 2011, or any currently proposed transaction, to which we have been a party, in which the amount involved in the transaction or series of transactions exceeds the lesser of \$120,000 or one percent of the average of our total assets as of December 31, 2012 and December 31, 2011, and in which any of our directors, executive officers or persons who we know held more than five percent of any class of our capital stock, including their immediate family members, had or will have a direct or indirect material interest, other than compensation arrangements that are described under "Employment Agreements" above.

Prior to the reverse merger on November 2, 2010, Optimal Payments Corporation converted \$570,534 of debt into \$370,534 worth of Mobivity Inc. common stock and \$200,000 of prepaid services to be rendered by Mobivity. A member of the Company's Board of Directors is currently President of Sterling Card Solutions, which has a minority ownership position in Optimal Payments Corporation. During the year ended December 31, 2012, the Company began work on two projects for Optimal Payments Corporation and recognized revenue of \$162,500.

We consider David Jaques, Doug Schneider, Peter Brodsky and John Harris to be independent directors as such term is defined by the listing rules of the Nasdaq Stock Market.

The board conducts an appropriate review of and oversees all related party transactions on a continuing basis and reviews potential conflict of interest situations where appropriate. The board has not adopted formal standards to apply when it reviews, approves or ratifies any related party transaction. However, the board has followed the following standards: (i) all related party transactions must be fair and reasonable to us and on terms comparable to those reasonably expected to be agreed to with independent third parties for the same goods and/or services at the time they are authorized by the board and (ii) all related party transactions should be authorized, approved or ratified by the affirmative vote of a majority of the directors who have no interest, either directly or indirectly, in any such related party transaction.

## PRINCIPAL STOCKHOLDERS

The table below sets forth the beneficial ownership of our common stock as of the date of this prospectus by:

All of our directors and executive officers, individually;

All of our directors and executive officers, as a group; and

All persons who beneficially owned more than 5% of our outstanding common stock.

The beneficial ownership of each person was calculated based on 97,338,482 shares of our common stock outstanding as of the date of this prospectus. The SEC has defined “beneficial ownership” to mean more than ownership in the usual sense. For example, a person has beneficial ownership of a share not only if he owns it in the usual sense, but also if he has the power (solely or shared) to vote, sell or otherwise dispose of the share. Beneficial ownership also includes the number of shares that a person has the right to acquire within 60 days of the date of this prospectus, pursuant to the exercise of options or warrants or the conversion of notes, debentures or other indebtedness, but excludes stock appreciation rights. Two or more persons might count as beneficial owners of the same share. Unless otherwise indicated, the address of each person or entity below is c/o the Company, 58 West Buffalo Road, Suite 200, Chandler, AZ 85225.

Name of Beneficial Owner	Number of Shares	Percentage
CommerceTel Canada Corporation 1 First Canadian Place 100 King Street West Toronto, ON M5X 1B2	7,267,972	7.5%
Front Door Insights, LLC 22 Oneida Trail Malvern, OH 44644	7,000,000	7.2%
Jeffrey Porter(1) 300 Drakes Landing Road, Suite 175 Greenbrae, CA 94941	13,180,953	13.5%
Cornelis F. Wit 2101 West Commercial Blvd., Suite 3500 Fort Lauderdale, FL 33309	5,804,976	6.0%
ACT Capital Management, LLLP(2) 2 Radnor Corporate Center, Suite 111 Radnor, PA 19087	10,064,576	10.3%
John S. Lemak(3) 2828 Routh Street, Suite 500 Dallas, Texas 75201	6,823,500	7.0%
Dennis Becker (4)	8,186,845	8.3%
Timothy Schatz(5)	277,085	*
Michael K. Bynum(6)	8,738,858	9.0%
David Jaques(7)	58,332	*
Peter Brodsky(8)	750,000	*
Doug Schneider(9)	66,666	*
John Harris(10)	208,332	*
Tom Tolbert(11)	8,738,858	9.0%

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Geri Suster(12)	17,215	*
Jeff Hasen	-0-	*
Executive Officers and Directors as a Group (ten persons)	26,926,566	27.7%

\* Denotes less than 1%

- (1) Includes 8,948,169 shares owned by Porter Partners, LP, 1,026,233 shares owned by Ben Joseph Partners, 1,456,551 shares owned by EDJ Limited, and 1,750,000 shares owned by Porter Family Living Trust dtd 9/5/2006. Jeffrey Porter, as the General Partner of Porter Capital Management Co., which is the managing general partner of Porter Partners, LP, has voting and dispositive power over the securities. Jeffrey Porter, as the General Partner of Porter Capital Management Co., which is the managing general partner of Ben Joseph Partners, has voting and dispositive power over the securities. Jeffrey Porter, as the General Partner of Porter Capital Management Co., which is the trading advisor of EDJ Limited, has voting and dispositive power over the securities. Jeffrey Porter, as trustee of the Porter Family Living Trust dtd 9/5/2006, has voting and dispositive power over the securities.
- (2) ACT Capital Management, LLLP is the beneficial owner of 6,750,000 shares of common stock and 3,314,576 shares of the Company's common stock issuable upon exercise of warrants to purchase shares of the Company's common stock to the extent that after giving effect to such exercise, the holder of the warrant would not beneficially own in excess of 9.99% of the shares of the Company's common stock outstanding immediately after giving effect to such exercise. The holder of the warrant may remove such limitation on exercise of the warrant by providing 60 days prior written notice to the Company. Amir L. Ecker and Carol G. Frankenfield are the General Partners of ACT Capital Management, LLLP. Investment decisions made on behalf of ACT Capital Management, LLLP are made primarily by its General Partners.
- (3) Includes 140,000 shares owned by Sandor Capital, 2,981,881 shares owned by Sandor Capital Master Fund, 701,619 shares owned by John S. Lemak IRA Rollover, 2,500,000 shares owned by Mobivity Partners and 500,000 shares owned by JSL Kids Partners. Mr. Lemak has voting and dispositive power over the securities and may be deemed to be the beneficial owner of such securities.
- (4) Includes 7,267,972 shares owned by CommerceTel Canada Corporation ("CTel Canada") of which Mr. Becker may be deemed to be the beneficial owner in his capacity as President and Chief Executive Officer of that entity. Mr. Becker disclaims beneficial ownership in the shares owned by CTel Canada in excess of his proportional ownership of CTel Canada. Also includes 560,142 shares underlying options that are exercisable as of July 31, 2013.
- (5) Includes 100,603 shares underlying options that are exercisable as of July 31, 2013.
- (6) Includes 7,000,000 shares owned by Front Door Insights, LLC of which Mr. Bynum may be deemed to be the beneficial owner in his capacity as member of that entity. Also includes 1,738,858 shares underlying options that are exercisable as of July 31, 2013.
- (7) Includes 58,332 shares underlying options that are exercisable as of July 31, 2013.
- (8) Includes 750,000 shares owned by Brodsky Family Trust of which Mr. Brodsky may be deemed to be the beneficial owner in his capacity as trustee of that entity.

- (9) Includes 66,666 shares underlying options that are exercisable as of July 31, 2013.
- (10) Includes 83,332 shares underlying options that are exercisable as of July 31, 2013.
- (11) Includes 7,000,000 shares owned by Front Door Insights, LLC of which Mr. Tolbert may be deemed to be the beneficial owner in his capacity as member of that entity. Also includes 1,738,858 shares underlying options that are exercisable as of July 31, 2013.
- (12) Includes 17,215 shares underlying options that are exercisable as of July 31, 2013.

## DESCRIPTION OF SECURITIES

### Common Stock

We are authorized to issue 150,000,000 shares of common stock. As of the date of this prospectus, there are 97,338,482 shares of our common stock issued and outstanding. Except as described below, there are no other agreements or outstanding options, warrants or similar rights that entitle their holder to acquire from us any of our equity securities.

Holders of shares of common stock are entitled to one vote per share on all matters to be voted upon by the shareholders generally. Shareholders are entitled to receive such dividends as may be declared from time to time by the board of directors out of funds legally available therefore, and in the event of liquidation, dissolution or winding up of the company to share ratably in all assets remaining after payment of liabilities. The holders of shares of common stock have no preemptive, conversion, subscription rights or cumulative voting rights.

### Dividends

We do not anticipate the payment of cash dividends on our common stock in the foreseeable future.

### Stock Incentive Plans

We have adopted the 2010 Incentive Stock Plan providing for the grant of non-qualified stock options and incentive stock options to purchase shares of our common stock and for the grant of restricted share grants. We have reserved 3,124,000 shares of our common stock under the plan. The purpose of the plan is to provide eligible participants with an opportunity to acquire an ownership interest in our company. All officers, directors, employees and consultants to our company are eligible to participate under the plan. The plan provides that options may not be granted at an exercise price less than the fair market value of our common shares on the date of grant. As of the date of this prospectus, there are outstanding options which entitle their holders to purchase 2,860,000 shares of our common stock at a weighted-average exercise price of \$0.63 per share. All of the options are subject to vesting based on the holders' continued service to the Company.

We have also adopted the Mobivity Holdings Corp. 2013 Stock Incentive Plan providing for the grant of non-qualified stock options and incentive stock options to purchase shares of our common stock and for the grant of restricted share grants. We have reserved 33,386,086 shares of our common stock under the plan. The purpose of the plan is to provide eligible participants with an opportunity to acquire an ownership interest in our company. All officers, directors, employees and consultants to our company are eligible to participate under the plan. The plan provides that options may not be granted at an exercise price less than the fair market value of our common shares on the date of grant. As of the date of this prospectus, there are outstanding options which entitle their holders to purchase 32,047,130 shares of our common stock at a weighted-average exercise price of \$0.33 per share. All of the options are subject to vesting based on the holders' continued service to the Company.

### Transfer Agent

The transfer agent for our common stock is VStock Transfer, LLC, 77 Spruce Street, Suite 201, Cedarhurst, New York 11516.

## LEGAL MATTERS

Certain legal matters with respect to the shares of common stock offered hereby will be passed upon for us by Greenberg Traurig, LLP, Irvine, California.

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## EXPERTS

M&K CPAS, PLLC has audited, as set forth in their report appearing elsewhere in this prospectus, our financial statements as of and for the fiscal years ended December 31, 2012 and 2011. We have included our financial statements in the prospectus in reliance on M&K CPAS, PLLC's report, given on their authority as experts in accounting and auditing.

## AVAILABLE INFORMATION

Upon the effectiveness of our registration statement on Form S-1, of which this prospectus is made part, we will be subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, will file reports, proxy statements and other information with the SEC. Our reports, proxy statements and other information filed pursuant to the Securities Exchange Act of 1934 may be inspected and copied, at prescribed rates, at the Public Reference Room maintained by the SEC at 100 F. Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC's Web site is <http://www.sec.gov>.

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933 with respect to the common stock offered hereby. As permitted by the rules and regulations of the SEC, this prospectus, which is part of the registration statement, omits certain information, exhibits, schedules and undertakings set forth in the registration statement. Copies of the registration statement and the exhibits are on file with the SEC and may be obtained from the SEC's Web site or upon payment of the fee prescribed by the SEC, or may be examined, without charge, at the offices of the SEC set forth above. For further information, reference is made to the registration statement and its exhibits.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Mobivity Holdings Corp.  
Chandler, AZ 85225

We have audited the accompanying consolidated balance sheets of Mobivity Holdings Corp. (the "Company") as of December 31, 2012 and 2011 and the related statements of operations, stockholders' equity (deficit) and cash flows for the twelve month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of the Company as of December 31, 2012 and 2011 and the results of its operations and cash flows for the periods described above in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred recurring operating losses and negative cash flows from operations and is dependent on additional financing to fund operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ M&K CPAS, PLLC  
www.mkacpas.com  
Houston, Texas  
March 21, 2013

Mobivity Holdings Corp.  
Consolidated Balance Sheets

ASSETS	Years ended December 31,	
	2012	2011
Current assets		
Cash	\$ 363	\$ 396
Accounts receivable, net of allowance for doubtful accounts of \$44,700 and \$18,050, respectively	414,671	243,846
Other current assets	30,009	15,924
<b>Total current assets</b>	<b>445,043</b>	<b>260,166</b>
Equipment, net	14,111	25,316
Goodwill	2,259,624	3,002,070
Intangible assets, net	444,112	1,116,506
Other assets	187,117	197,046
<b>TOTAL ASSETS</b>	<b>\$ 3,350,007</b>	<b>\$ 4,601,104</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities		
Accounts payable	\$ 514,949	\$ 842,777
Accrued interest	321,368	130,426
Accrued and deferred personnel compensation	299,534	237,691
Deferred revenue - related party	35,262	200,000
Deferred revenue and customer deposits	181,731	126,525
Convertible notes payable, net of discount	2,857,669	1,002,730
Notes payable, net of discount	171,984	736,270
Cash payment obligation, net of discount	-	86,714
Derivative liabilities	3,074,504	1,573,859
Other current liabilities	250,144	245,227
Earn-out payable	2,032,881	-
<b>Total current liabilities</b>	<b>9,740,026</b>	<b>5,182,219</b>
Non-current liabilities		
Long term accounts payable	-	125,846
Earn-out payable	-	2,658,238
<b>Total non-current liabilities</b>	<b>-</b>	<b>2,784,084</b>
<b>Total liabilities</b>	<b>9,740,026</b>	<b>7,966,303</b>
Commitments and Contingencies (See Note 10)		
Stockholders' equity (deficit)		
Common stock, \$0.001 par value; 150,000,000 shares authorized; 23,218,117 and 22,754,308 shares issued and outstanding as of December 31, 2012 and 2011, respectively	23,218	22,754
Additional paid-in capital	25,412,932	21,099,289
Accumulated deficit	(31,826,169)	(24,487,242)
<b>Total stockholders' equity (deficit)</b>	<b>(6,390,019)</b>	<b>(3,365,199)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 3,350,007</b>	<b>\$ 4,601,104</b>

See accompanying notes to consolidated financial statements.

Mobivity Holdings Corp.  
Consolidated Statements of Operations

	Years ended December 31,	
	2012	2011
Revenues		
Revenues	\$ 4,079,745	\$ 2,524,265
Cost of revenues	1,300,325	986,854
Gross margin	2,779,420	1,537,411
Operating expenses		
General and administrative	2,984,531	3,625,799
Sales and marketing	1,562,520	583,284
Engineering, research, and development	562,459	347,884
Depreciation and amortization	549,151	751,072
Goodwill impairment	742,446	10,435,170
Intangible asset impairment	145,396	1,325,134
Total operating expenses	6,546,503	17,068,343
Loss from operations	(3,767,083)	(15,530,932)
Other income/(expense)		
Interest income	2,833	176
Interest expense, net	(4,559,564)	(544,215)
Change in fair value of derivative liabilities	359,530	(1,234,145)
Gain on adjustment in contingent consideration	625,357	999,347
Total other income/(expense)	(3,571,844)	(778,837)
Loss before income taxes	(7,338,927)	(16,309,769)
Income tax expense	-	(3,220)
Net loss	\$ (7,338,927)	\$ (16,312,989)
Net loss per share - basic and diluted	\$ (0.32)	\$ (0.78)
Weighted average number of shares during the period - basic and diluted	23,069,669	20,910,334

See accompanying notes to consolidated financial statements.

Mobivity Holdings Corp.  
Consolidated Statements of Cash Flows

	Years ended December 31,	
	2012	2011
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (7,338,927)	\$ (16,312,989)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	115,059	21,514
Common stock issued for services	270,000	25,000
Stock-based compensation	391,410	1,380,256
Stock issued for late payment	160,468	-
Depreciation and amortization expense	549,151	751,072
Gain on adjustment in contingent consideration	(625,357)	(999,347)
Change in fair market value of derivative liabilities	(359,530)	1,234,145
Amortization of deferred financing costs	263,255	39,958
Amortization of note discounts	3,935,108	370,810
Goodwill impairment	742,446	10,435,170
Intangible asset impairment	145,396	1,325,134
Loss on sale of assets	164	-
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(285,884)	(216,145)
Other current assets	(29,460)	25,331
Other assets	9,929	(1,800)
Accounts payable	(327,828)	576,305
Accrued interest	335,035	112,796
Accrued and deferred personnel compensation	61,843	118,050
Deferred revenue - related party	(164,738)	-
Deferred revenue and customer deposits	55,206	72,887
Other liabilities	(120,929)	151,168
Net cash used in operating activities	(2,218,183)	(890,685)
<b>INVESTING ACTIVITIES</b>		
Purchases of equipment	(11,112)	(12,189)
Acquisition of intangible assets	-	(77,000)
Cash paid for acquisitions	-	(209,833)
Net cash used in investing activities	(11,112)	(299,022)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of notes payable, net of finance offering costs	3,148,470	272,500
Payments on notes payable	(831,708)	(304,539)
Payments on cash payment obligation	(87,500)	(162,500)
Proceeds from issuance of common stock and warrants, net of equity offering costs	-	1,011,203
Net cash provided by financing activities	2,229,262	816,664
Net change in cash	(33)	(373,043)

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Cash at beginning of period		396		373,439
Cash at end of period	\$	363	\$	396
Supplemental disclosures:				
Cash paid during period for :				
Interest	\$	33,385	\$	20,650
Income taxes	\$	-	\$	3,220
Non-cash investing and financing activities:				
Common stock issued for patents and trademarks	\$	-	\$	50,000
Debt discount	\$	5,352,404	\$	149,196
Adjustment to derivative liability due to debt repayment	\$	69,332	\$	-
Adjustment to derivative liability due to debt conversion	\$	3,421,579	\$	143,961
Adjustment to derivative liability due to warrant cancellation	\$	1,318	\$	-
Conversion of notes payable and interest into common stock	\$	-	\$	230,271
Conversion of accrued interest into convertible notes payable	\$	137,649	\$	-
Share value issued in acquisitions	\$	-	\$	11,318,069

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Mobivity Holdings Corp.  
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Stock Shares	Common Stock Dollars	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance, December 31, 2010	17,700,000	\$ 17,700	\$ 6,945,584	\$ (8,174,253)	\$ (1,210,969)
Issuance of common stock and warrants for cash	688,669	689	1,032,314	-	1,033,003
Issuance of common stock for acquisitions	3,944,540	3,945	11,314,124	-	11,318,069
Issuance of common stock for patent rights	14,286	14	49,986	-	50,000
Issuance of common stock for services	253,298	253	428,747	-	429,000
Notes payable converted into common stock	153,515	153	230,118	-	230,271
Adjustment to derivative liability due to debt conversion	-	-	143,961	-	143,961
Stock-based compensation	-	-	976,255	-	976,255
Equity offering costs	-	-	(21,800)	-	(21,800)
Net loss	-	-	-	(16,312,989)	(16,312,989)
Balance, December 31, 2011	22,754,308	22,754	21,099,289	(24,487,242)	(3,365,199)
Issuance of common stock for services	225,000	225	269,775	-	270,000
Issuance of common stock for late payment penalty	235,441	235	160,233	-	160,468
Adjustment to derivative liability due to note repayment	3,368	4	1,370	-	1,374
Adjustment of derivative liability due to note repayment	-	-	67,958	-	67,958
Adjustment to derivative liability due to note conversion	-	-	3,421,579	-	3,421,579
Adjustment to derivative liability due to warrant cancellation	-	-	1,318	-	1,318
Stock based compensation	-	-	391,410	-	391,410
Net loss	-	-	-	(7,338,927)	(7,338,927)
Balance, December 31, 2012	23,218,117	\$ 23,218	\$ 25,412,932	\$ (31,826,169)	\$ (6,390,019)

See accompanying notes to consolidated financial statements.



Mobivity Holdings Corp.  
Notes to Consolidated Financial Statements

1. Reverse Merger Transaction and Accounting

Reverse Merger Transaction

Mobivity Holdings Corp. (the “Company”) was incorporated as Ares Ventures Corporation in Nevada in 2008. In November 2010, the Company acquired CommerceTel, Inc., which was wholly-owned by CommerceTel Canada Corporation, in a reverse merger, or the “Merger”. Pursuant to the Merger, all of the issued and outstanding shares of CommerceTel, Inc. common stock were converted, at an exchange ratio of 0.7268-for-1, into an aggregate of 10,000,000 shares of the Company’s common stock, and CommerceTel, Inc. became a wholly owned subsidiary of the Company. In connection with the Merger, the Company changed its corporate name to CommerceTel Corporation in October 2010. The accompanying condensed consolidated financial statements, common share and weighted average common share basic and diluted information has been retroactively adjusted to reflect the exchange ratio in the Merger.

In connection with the Company’s acquisition of assets from Mobivity, LLC (See Note 3 Acquisitions below), the Company changed its corporate name to Mobivity Holdings Corp. and its operating company from CommerceTel, Inc. to Mobivity, Inc., in August 2012.

Reverse Merger Accounting

Immediately following the consummation of the Merger: (i) the former security holders of Mobivity, Inc. common stock had an approximate 56% voting interest in the Company and the Company stockholders retained an approximate 44% voting interest; (ii) the former executive management team of Mobivity, Inc. remained as the only continuing executive management team for the Company; and (iii) the Company’s ongoing operations consist solely of the ongoing operations of Mobivity, Inc.

Based primarily on these factors, the Merger was accounted for as a reverse merger and a recapitalization in accordance with generally accepted accounting principles in the United States of America, or “GAAP”. As a result, these condensed financial statements reflect: (i) the historical results of Mobivity, Inc. prior to the Merger; (ii) the combined results of the Company following the Merger; and (iii) the acquired assets and liabilities at their historical cost. In connection with the Merger, the Company received net assets of \$16,496.

In December 2010, the Board of Directors of the Company resolved to change the Company’s fiscal year end from September 30 to December 31, effective immediately, to coincide with the fiscal year end of its wholly owned subsidiary Mobivity, Inc.

2. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

The Company is a provider of mobile marketing technology that enables major brands and enterprises to engage consumers via their mobile phones and other smart devices. Interactive electronic communications with consumers is a complex process involving communication networks and software. The Company removes this complexity through its suite of services and technologies thereby enabling brands, marketers, and content owners to communicate with their customers and consumers in general.

Principles of Accounting and Consolidation

These consolidated financial statements have been prepared in accordance with GAAP. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany balances and transactions have been eliminated.

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### Going Concern

The Company's financial statements have been prepared assuming that it will continue as a going concern. Such assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, we have incurred continued losses, have a net working capital deficiency, and have an accumulated deficit of approximately \$31.8 million as of December 31, 2012. These factors among others create a substantial doubt about our ability to continue as a going concern. The Company is dependent upon sufficient future revenues, additional sales of our securities or obtaining debt financing in order to meet its operating cash requirements. Barring the Company's generation of revenues in excess of its costs and expenses or its obtaining additional funds from equity or debt financing, or receipt of significant licensing prepayments, the Company will not have sufficient cash to continue to fund the operations of the Company through June 30, 2013. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In response to our Company's cash needs, we raised additional bridge financing totaling \$3,396,350 between January and September, 2012. Longer term, we anticipate that we will raise additional equity financing through the sale of shares of the Company's common stock in order to finance our future investing and operating cash flow needs. However, there can be no assurance that such financings will be available on acceptable terms, or at all.

We anticipate, based on currently proposed plans and assumptions relating to our ability to market and sell our products, that our cash on hand will not satisfy, our operational and capital requirements for the next six months. Further, the operation of our business and our efforts to grow our business further both through acquisitions and organically will require significant cash outlays and commitments. The timing and amount of our cash needs may vary significantly depending on numerous factors. Our existing working capital is not sufficient to meet our cash requirements and we will need to seek additional capital, potentially through debt, or equity financings, to fund our growth.

Although we are actively pursuing financing opportunities, we may not be able to raise cash on terms acceptable to us or at all. There can be no assurance that we will be successful in obtaining additional funding. Financings, if available, may be on terms that are dilutive to our shareholders, and the prices at which new investors would be willing to purchase our securities may be lower than the current price of our ordinary shares. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of our ordinary shares. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations in the short term.

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates used are those related to stock-based compensation, the valuation of the derivative liabilities, asset impairments, the valuation and useful lives of depreciable tangible and certain intangible assets, the fair value of common stock used in acquisitions of businesses, the fair value of assets and liabilities acquired in acquisitions of businesses, and the valuation allowance of deferred tax assets. Management believes that these estimates are reasonable; however, actual results may differ from these estimates.

### Purchase Accounting

The Company accounts for acquisitions pursuant to Accounting Standards Codification ("ASC") No. 805, Business Combinations. The Company records all acquired tangible and intangible assets and all assumed liabilities based upon

their estimated fair values.

#### Cash

The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Company has not experienced any losses on such accounts. The Company's cash balances at December 31, 2012 and 2011 were \$363 and \$369, respectively.

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## Fair Value of Financial Instruments

On January 1, 2011, the Company adopted guidance which defines fair value, establishes a framework for using fair value to measure financial assets and liabilities on a recurring basis, and expands disclosures about fair value measurements. Beginning on January 1, 2011, the Company also applied the guidance to non-financial assets and liabilities measured at fair value on a non-recurring basis, which includes goodwill and intangible assets. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 - Valuation is based upon unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 - Valuation is based upon quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable in the market.

Level 3 - Valuation is based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use.

The following table presents assets and liabilities that are measured and recognized at fair value as of December 31, 2012 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
Goodwill (non-recurring)	\$ -	\$ -	\$ 2,259,624	\$ (742,446)
Intangibles, net (non-recurring)	\$ -	\$ -	\$ 444,112	\$ (145,396)
Derivatives (recurring)	\$ -	\$ -	\$ 3,074,504	\$ 359,530

The following table presents assets and liabilities that are measured and recognized at fair value as of December 31, 2011 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
Goodwill (non-recurring)	\$ -	\$ -	\$ 3,002,070	\$ (10,435,170)
Intangibles, net (non-recurring)	\$ -	\$ -	\$ 1,116,506	\$ (1,325,134)
Derivatives (recurring)	\$ -	\$ -	\$ 1,573,859	\$ (1,234,145)

The Company recorded goodwill and intangible assets as a result of the business combinations that were completed during 2011 and that are discussed throughout this Form 10-K. These assets were valued with the assistance of a valuation consultant and consisted of Level 3 valuation techniques.

The Company recorded derivative liabilities as a result of: (i) the variable maturity conversion feature in its convertible notes payable; (ii) the additional security issuance feature in its convertible notes payable notes, common stock and warrants; and (iii) warrants issued to non-employees that are treated as derivative liabilities. These liabilities

were valued with the assistance of a valuation consultant and consisted of Level 3 valuation techniques.

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and notes payable. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. The carrying value of notes payable also approximates fair value because their terms are similar to those in the lending market for comparable loans with comparable risks. None of these instruments are held for trading purposes.

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### Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Company grants unsecured credit to substantially all of its customers. Ongoing credit evaluations are performed and potential credit losses are charged to operations at the time the account receivable is estimated to be uncollectible. Since the Company cannot necessarily predict future changes in the financial stability of its customers, the Company cannot guarantee that its reserves will continue to be adequate.

From time to time, the Company may have a limited number of customers with individually large amounts due. Any unanticipated change in one of the customer's credit worthiness could have a material effect on the results of operations in the period in which such changes or events occurred. As of December 31, 2012 and 2011, the Company recorded an allowance for doubtful accounts of \$44,700 and \$18,050, respectively. As of December 31, 2012, the Company had one customer whose balance represented 43% of total accounts receivable. As of December 31, 2011, no single customer had a balance greater than 10%.

### Equipment

Equipment, which is recorded at cost, consists primarily of computer equipment and is depreciated using the straight-line method over the estimated useful lives of the related assets (generally five years or less). Costs incurred for maintenance and repairs are expensed as incurred and expenditures for major replacements and improvements are capitalized and depreciated over their estimated remaining useful lives. Depreciation expense for the years ended December 31, 2012 and 2011 was \$22,153 and \$19,712, respectively. Accumulated depreciation for the Company's equipment at December 31, 2012 and 2011 totaled \$156,174 and \$134,810, respectively.

Net property and equipment were as follows:

	December 31, 2012	December 31, 2011
Equipment	\$ 155,716	\$ 146,872
Furniture and Fixtures	14,569	13,254
Subtotal	170,285	160,126
Less accumulated depreciation	(156,174)	(134,810)
Total	\$ 14,111	\$ 25,316

### Goodwill and Other Intangible Assets

During the year ended December 31, 2011, the Company completed the three acquisitions discussed in Note 3 which resulted in the recording of goodwill and other intangible assets.

Also during the year ended December 31, 2011, the Company capitalized \$85,000 related to its acquisition of U.S. Patent Number 6,788,769 from eMediacy, Inc. for cash and 14,286 shares of common stock, and costs incurred to prosecute other patent applications. The Company is amortizing the costs on a straight-line basis over an estimated useful life of twenty years.

The Company periodically reviews the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Goodwill and certain intangible assets are assessed annually, or when certain triggering events occur, for impairment using fair value measurement techniques. These events could include a significant change in the business climate, legal factors, a decline in operating performance, competition, sale or disposition of a significant portion of the business, or other factors. Specifically, goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The Company uses Level 3 inputs and a discounted cash flow methodology to estimate the fair value of a reporting unit. A discounted cash flow analysis requires one to make various judgmental assumptions including assumptions about future cash flows, growth rates, and discount rates. The assumptions about future cash flows and growth rates are based on the Company's budget and long-term plans. Discount rate assumptions are based on an assessment of the risk inherent in the respective reporting units. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

The Company's evaluation of goodwill completed during the years ended December 31, 2012 and 2011 resulted in impairment charges of \$742,446 and \$10,435,170, respectively, related to its three acquisitions during 2011.

As of December 31, 2012 and 2011, amortizable intangible assets consist of patents, trademarks, customer contracts, customer relationships, trade name, acquired technology, and non-compete agreements. These intangibles are being amortized on a straight line basis over their estimated useful lives of one to twenty years. During the years ended December 31, 2012 and 2011, the Company recorded amortization expense for the intangible assets of \$526,997 and \$724,375, respectively.

During the years ended December 31, 2012 and 2011, the Company recognized impairment charges of \$145,396 and \$1,325,134, respectively, related to the intangible assets acquired in its three acquisitions during 2011.

#### Impairment of Long-Lived Assets

The Company has adopted Accounting Standards Codification subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"). ASC 360-10 requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates its long-lived assets for impairment annually or more often if events and circumstances warrant. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires that those assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.



Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks.

The Company reviews the terms of the common stock, warrants and convertible debt it issues to determine whether there are embedded derivative instruments, including embedded conversion options, which are required to be bifurcated and accounted for separately as derivative financial instruments. In circumstances where the host instrument contains more than one embedded derivative instrument, including the conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

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Bifurcated embedded derivatives are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as non-operating income or expense. When the equity or convertible debt instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds received are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the host instruments themselves, usually resulting in those instruments being recorded at a discount from their face value.

The discount from the face value of the convertible debt, together with the stated interest on the instrument, is amortized over the life of the instrument through periodic charges to interest expense, using the effective interest method.

The fair value of the derivatives is estimated using a Monte Carlo simulation model. The model utilizes a series of inputs and assumptions to arrive at a fair value at the date of inception and each reporting period. Some of the key assumptions include the likelihood of future financing, stock price volatility, and discount rates.

See Note 5 for detailed information on the Company's derivative liabilities.

#### Revenue Recognition

The Company's "C4" Mobile Marketing and Customer Relationship Management (CRM) platform is a hosted solution, as is the newly acquired Txtstation Control Center platform. The Company generates revenue from licensing its software to clients in its software as a service (SaaS) model, per-message and per-minute transactional fees, and customized professional services. The Company recognizes license fees over the period of the contract, service fees as the services are performed, and per-message or per-minute transaction revenue when the transaction takes place. The Company recognizes revenue at the time that the services are rendered, the selling price is fixed, and collection is reasonably assured, provided no significant obligations remain. The Company considers authoritative guidance on multiple deliverables in determining whether each deliverable represents a separate unit of accounting. As for the newly acquired Mobivity and Boomtext platforms, which are both hosted solutions, revenue is principally derived from subscription fees from customers. The subscription fee is billed on a month to month basis with no contractual term and is collected by credit card for Mobivity and collected by cash and credit card for Boomtext. Revenue is recognized at the time that the services are rendered and the selling price is fixed with a set range of plans. Cash received in advance of the performance of services is recorded as deferred revenue.

As of December 31, 2012 and 2011, deferred revenues from related parties totaled \$35,262 and \$200,000 respectively. The Company recognized deferred revenue from related parties during the year ended December 31, 2012 totaling \$164,738 and did not recognize any deferred revenue from related parties during the year ended December 31, 2011. As of December 31, 2012 and 2011, deferred revenues from third parties totaled \$164,631 and \$109,063, respectively.

During the year ended December 31, 2012, one customer accounted for 14.4% of our revenues. No single customer accounted for more than 10% of our revenues during the year ended December 31, 2011.

#### Stock-based Compensation

The Company accounts for stock-based compensation in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 718 Stock Compensation, which establishes accounting for equity instruments exchanged for employee services. Under such provisions, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense, under the straight-line method, over the employee's requisite service period (generally the vesting period of the equity grant). In accordance with ASC 718, the Company estimates forfeitures at the time of grant and revises the estimates if necessary, if actual forfeiture rates differ from

those estimates. Stock options issued to employees are accounted for at their estimated fair value determined using the Black-Scholes option-pricing model. The Company recorded employee stock based compensation for the years ended December 31, 2012 and 2011 of \$391,410 and \$416,012, respectively.

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The Company accounts for equity instruments, including restricted stock or stock warrants, issued to non-employees in accordance with authoritative guidance for equity based payments to non-employees. Stock warrants issued to non-employees are accounted for as derivative liabilities at their estimated fair value determined using a Monte Carlo simulation. At the date of issuance, the fair value of the stock warrants is expensed to change in fair value of derivative liabilities. The fair value of options granted to non-employees is re-measured as they vest, and the resulting change in value, if any, is recognized as change in fair value of derivative liabilities during the period the related services are rendered. Restricted stock issued to non-employees is accounted for at its estimated fair value as it vests.

#### Long Term Accounts Payable

As of December 31, 2011, the Company recorded amounts pertaining to payments made prior to the acquisition of Boomtext as well as amounts due to it from the sellers of Boomtext in accounts that are included in Other Assets and Long Term Accounts Payable. The amount recorded as a receivable from the sellers of Boomtext totaled \$148,930, and the amount due to these sellers totaled \$125,846 at December 31, 2011.

As of December 31, 2012, these amounts have been reclassified to Other Current Assets and Other Current Liabilities, since these balances will be settled in March of 2013 when the Earn-out payable to Boomtext is paid. The amount recorded as a receivable from the sellers of Boomtext totaled \$153,317 and the amount due to these sellers totaled \$137,638 at December 31, 2012.

#### Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, Income Taxes. Deferred tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

Management evaluates the available evidence about future taxable income and other possible sources of realization of deferred tax assets. The valuation allowance reduces deferred tax assets to an amount that represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to income tax matters in income tax expense.

#### Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. The Company is required to record all components of comprehensive income (loss) in the consolidated financial statements in the period in which they are recognized. Net income (loss) and other comprehensive income (loss), including foreign currency translation adjustments and unrealized gains and losses on investments, are reported, net of their related tax effect, to arrive at comprehensive income (loss). For the years ended December 31, 2012 and 2011, the comprehensive loss was equal to the net loss.

## Net Loss Per Common Share

Net loss per share is presented as both basic and diluted net loss per share. Basic net loss per share excludes any dilutive effects of options, shares subject to repurchase and warrants. Diluted net loss per share includes the impact of potentially dilutive securities. During 2012 and 2011, the Company had securities outstanding which could potentially dilute basic earnings per share in the future, but were excluded from the computation of diluted net loss per share, as their effect would have been anti-dilutive. These outstanding securities are noted in the table below. In addition, see potential issuances associated with warrants and convertible notes payable in Notes 5 and 6.

	December 31, 2012	December 31, 2011
Outstanding employee options	1,955,000	1,610,000
Outstanding non-employee warrants	905,000	905,000
Outstanding PIPE warrants	842,184	842,184
	3,702,184	3,357,184

## Reclassifications