

MOBIVITY HOLDINGS CORP.
Form 10-Q
August 14, 2013

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-53851

Mobivity Holdings Corp.
(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

26-3439095
(I.R.S. Employer
Identification No.)

58 W. Buffalo St. #200
Chandler, AZ 85225
(Address of Principal Executive Offices & Zip Code)

(866) 622-4261
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2013, the registrant had 96,618,482 shares of common stock issued and outstanding.

MOBIVITY HOLDINGS CORP.
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Part I - Financial Information

Item 1. Financial Statements

Mobivity Holdings Corp.
Consolidated Balance Sheets

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
ASSETS		
Current assets		
Cash	\$ 4,998,148	\$ 363
Accounts receivable, net of allowance for doubtful accounts of \$34,930 and \$44,700, respectively	305,732	414,671
Other current assets	69,242	30,009
Total current assets	5,373,122	445,043
Equipment, net	13,120	14,111
Goodwill	4,213,699	2,259,624
Intangible assets, net	1,738,773	444,112
Other assets	33,800	187,117
TOTAL ASSETS	\$ 11,372,514	\$ 3,350,007
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 476,780	\$ 514,949
Accrued interest	110,714	321,368
Accrued and deferred personnel compensation	325,281	299,534
Deferred revenue - related party	-	35,262
Deferred revenue and customer deposits	300,324	181,731
Convertible notes payable, net of discount	-	2,857,669
Notes payable	20,000	171,984
Derivative liabilities	209,089	3,074,504
Other current liabilities	231,567	250,144
Earn-out payable	46,567	2,032,881
Total current liabilities	1,720,322	9,740,026
Non-current liabilities		
Earn-out payable	177,433	-
Total non-current liabilities	177,433	-
Total liabilities	1,897,755	9,740,026
Commitments and Contingencies (See Note 10)		
Stockholders' equity (deficit)		
Common stock, \$0.001 par value; 150,000,000 shares authorized; 96,079,318 and 23,218,117 shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively	96,080	23,218

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Equity payable	349,694	-
Additional paid-in capital	53,153,190	25,412,932
Accumulated deficit	(44,124,205)	(31,826,169)
Total stockholders' equity (deficit)	9,474,759	(6,390,019)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 11,372,514	\$ 3,350,007

See accompanying notes to consolidated financial statements (unaudited).

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Mobivity Holdings Corp.
Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenues				
Revenues	\$ 1,085,610	\$ 1,009,398	\$ 2,113,603	\$ 2,022,604
Cost of revenues	311,390	332,458	596,012	700,228
Gross margin	774,220	676,940	1,517,591	1,322,376
Operating expenses				
General and administrative	787,698	796,946	1,320,323	1,714,527
Sales and marketing	1,435,444	381,868	1,798,341	729,119
Engineering, research, and development	157,184	135,760	251,239	295,973
Depreciation and amortization	58,315	146,766	92,129	301,383
Total operating expenses	2,438,641	1,461,340	3,462,032	3,041,002
Loss from operations	(1,664,421)	(784,400)	(1,944,441)	(1,718,626)
Other income/(expense)				
Interest income	18	2,568	21	2,568
Interest expense	(4,899,193)	(880,321)	(6,346,553)	(1,238,499)
Change in fair value of derivative liabilities	(2,812,048)	654,477	(3,813,598)	193,990
Gain (loss) on adjustment in contingent consideration	(499,177)	16,131	(193,465)	76,782
Total other income/(expense)	(8,210,400)	(207,145)	(10,353,595)	(965,159)
Loss before income taxes	(9,874,821)	(991,545)	(12,298,036)	(2,683,785)
Income tax expense	-	-	-	-
Net loss	\$ (9,874,821)	\$ (991,545)	\$ (12,298,036)	\$ (2,683,785)
Net loss per share - basic and diluted				
	\$ (0.28)	\$ (0.04)	\$ (0.42)	\$ (0.12)
Weighted average number of shares				
during the period - basic and diluted	35,099,827	22,797,641	29,224,981	22,797,641

See accompanying notes to consolidated financial statements (unaudited).

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Mobivity Holdings Corp.
Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30,	
	2013	2012
OPERATING ACTIVITIES		
Net loss	\$(12,298,036)	\$(2,683,785)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Bad debt expense	(10,778)	79,179
Common stock issued for services	18,375	270,000
Common stock issued for late payment	-	160,468
Stock-based compensation	1,277,794	210,429
Depreciation and amortization expense	92,129	301,382
(Gain) loss on adjustment in contingent consideration	193,465	(76,782)
Change in fair value of derivative liabilities	3,813,598	(193,990)
Amortization of deferred financing costs	-	100,857
Amortization of note discounts	6,134,367	1,020,749
Loss on sale of assets	-	164
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	147,184	(110,239)
Other current assets	(33,733)	(540,553)
Other assets	-	(2,060)
Accounts payable	(84,388)	(189,617)
Accrued interest	159,132	83,598
Accrued and deferred personnel compensation	25,747	(22,826)
Deferred revenue - related party	(35,262)	-
Deferred revenue and customer deposits	1,926	(86,611)
Other liabilities	119,061	454,123
Net cash used in operating activities	(479,419)	(1,225,514)
INVESTING ACTIVITIES		
Purchases of equipment	(2,799)	(9,732)
Acquisitions	(400,000)	-
Net cash used in investing activities	(402,799)	(9,732)
FINANCING ACTIVITIES		
Proceeds from issuance of notes payable, net of finance offering costs	700,000	3,148,470
Payments on notes payable	(1,609,682)	(772,547)
Payments on cash payment obligation	-	(87,500)
Proceeds from issuance of common stock, net of issuance costs	6,789,685	-
Net cash provided by financing activities	5,880,003	2,288,423