IZEA Holdings, Inc.
Form S-1/A
February 14, 2012

As filed with the U.S. Securities and Exchange Commission on February 14, 2012
Registration No. 333-177906

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

IZEA, INC.
(Exact name of registrant as specified in its charter)

Nevada	7310	37-1530765
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

150 N. Orange Avenue
Suite 412
Orlando, FL 32801
(407) 674-6911
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Edward H. (Ted) Murphy
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Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

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. ¨

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

¨	Large accelerated filer	¨	Accelerated filer
¨	Non-accelerated filer (Do not check if a smaller reporting company)	x	Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)		Amount of Registration Fee (2)	
Common Stock, par value $0.0001 per share (2)(3)	$	9,200,000	$	1,054.32
Underwriter's Warrants to purchase Common Stock	$	0	$	0 (4)
Common Stock underlying Underwriter's Warrants (2)	$	500,000	$	57.30
Total Registration Fee	$	9,700,000	$	1,111.62*

(1) Estimated solely for the purpose of calculating the amount of registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Pursuant to Rule 416, the securities being registered hereunder include such indeterminate number of additional shares of common stock as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.

(3) Includes 15% of the total number of shares to be offered by us in this offering to cover over-allotments, if any.

(4) No registration fee required pursuant to Rule 457(g) under the Securities Act.

* Peviously paid.

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 this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION FEBRUARY 14, 2012

Shares
Common Stock

This is a firm commitment public offering of shares of common stock of IZEA, Inc.

Our common stock is quoted on the OTC Bulletin Board under the symbol "IZEA." On February 13, 2012, the closing price of our common stock was $0.85 per share.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 16 of this prospectus for a discussion of information that you should consider before investing in our common stock.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

See "Underwriting" for a description of compensation payable to the underwriters.

We have granted a 45-day option to Aegis Capital Corp., the representative of the underwriters, to purchase up to additional shares of common stock from us solely to cover over-allotments, if any.

The underwriters expect to deliver the shares to purchasers in this offering on or about , 2012.

Aegis Capital Corp

The date of this prospectus is , 2012.

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IZEA, INC.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should assume that the information contained in this prospectus is accurate as of the date on the front of this prospectus only. Our business, prospects, financial condition and results of operations may have changed since that date. This prospectus will be updated as required by law.

Notice to California investors: Each purchaser of securities in California must meet at least one of the following suitability standards:

- a $150,000 liquid net worth, (a net worth exclusive of home, home furnishings and automobile), plus estimated $70,000 gross income during the current tax year; or

- a $250,000 liquid net worth and an investment limitation of not more than 10% of the investor’s liquid net worth.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully. All references to “we,” “us,” the “company” and “IZEA” mean IZEA, Inc., including subsidiaries and predecessors, except where it is clear that the term refers only to IZEA, Inc. Unless otherwise indicated, all information contained in this prospectus assumes that the underwriters will not exercise their over-allotment option or their underwriters' warrants, and that no outstanding stock options, warrants or convertible preferred stock will be exercised or converted. This prospectus contains forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under “Risk Factors” and elsewhere in this prospectus.

Our Mission

Our mission is to empower everyone to value and exchange content, creativity and influence.

Our Company

We believe we are a world leader in social media sponsorship, operating multiple marketplaces that include our premier platforms SocialSpark, SponsoredTweets and We Reward as well as our legacy platforms PayPerPost and InPostLinks . We generate our revenue through the sale of Social Media Sponsorships (SMS) to our customers. An SMS is when a company compensates a social media publisher to share sponsored content within their social network.

Our platforms take the concepts of product placement and endorsements commonly found in movies, television and radio and apply them to the social web. We democratize the brand sponsorship process, allowing everyone from college students and stay at home moms to celebrities an opportunity to monetize their content, creativity and influence in social media.

We believe that we pioneered the concept of a marketplace for SMS in 2006 and have focused on the scalable monetization of social media ever since. We compensate bloggers, tweeters and mobile promoters (our publisher-partners) to share information about companies, products, websites and events within their social media content streams. Advertisers benefit from buzz, traffic, awareness and sales; publishers earn cash, points and product samples.

Each platform we operate is designed to facilitate SMS transactions in a way that is natural to its specific media format. Advertisers can utilize a single platform to fill a specific need or combine platforms with each other to execute an integrated social media campaign. All of our platforms can be used in a self-serve fashion or with the assistance of our account management team.

Our Platforms

Our core platforms are described below:

	SocialSpark	SponsoredTweets	WeReward
Media Format	Blog Posts	Status Updates	Actions / Check-Ins
Content	Long form text/video content	Short form text content	Short form text & photo content
Best used for	• In-depth reviews • Buzz • Long term traffic generation • E-commerce "Deals"	• Short term traffic generation • Buzz • Awareness	• Driving purchases • Customer data • Short term traffic generation
Payment Model	• Cost per blog post • Cost per purchase	• Cost per tweet • Cost per click	• Cost per action
Targeting	• Blog traffic • Blog category / keywords • Blogger country	• Tweeter followers • Tweeter category / keywords • Tweeter country	• Mobile user current location • Mobile user age / sex
Metrics Gathered	• Impressions / CPM • Clicks / CPC • CTR • Cost per action / sale	• Followers / CPMF • Clicks / CPC • Engagement • Cost per action / sale	• Cost per action / sale • Revenue generated / ROI • Loyalty
Effective Media Lifespan	Years	1-2 Days	1-2 Days (media) Years (data)
Works best for	• Complex products • Distribution of embeds • Evergreen products/brands • E-commerce "Deals"	• Time sensitive product launches • Celebrity engagement • Viral content	• Driving specific actions • Customer data gathering • Building loyalty

We streamline the process of completing SMS through our proprietary technology, creating efficiencies and economies of scale for both advertisers and publishers. We utilize a common design methodology in each platform, which we have honed over our five years of operation. Each platform provides advertisers with access to a large network of publishers, workflow management, content control, payment processing, performance tracking and legal compliance. This methodology enables us to offer greater monetization opportunities to our publishers through a marketplace that provides an integrated FTC compliance framework, work-flow management and automated transaction processing. In particular, the integrated FTC compliance framework requires publishers to provide disclosure to their readers with respect to the sponsored nature of the content and allows advertisers to review the content for FTC compliance, among other things.

The value proposition we offer to both advertisers and publishers strengthens our position as a trusted partner and allows us to derive revenue from both customer bases. As more brand advertisers utilize our marketplaces, we increase the breadth and depth of monetization opportunities for publishers, attracting more publishers and further enhancing the value of our service advertisers.

We have more than 50,000 registered advertisers in 157 different countries, of which approximately 7,000, 6,000 and 5,000 advertisers created a social media sponsorship opportunity during 2011, 2010 and 2009, respectively. Advertisers that have used our services include top brands such as Coca-Cola, at&t, Microsoft, Kraft, HP, LG, Audi, Volvo, Hilton, Walgreens, Hershey and Sony. We have over 600,000 registered social media publishers in 179 different countries, of which approximately 80,000, 63,000 and 14,000 publishers performed an SMS transaction during 2011, 2010 and 2009, respectively, including high-profile celebrities. Our total number of registered publishers may be higher than the number of our actual individual publishers because some publishers have multiple registrations, other publishers may have died or become incapacitated and others may have registered under fictitious names. Our publishers currently publish sponsored content to blogs, Twitter, Facebook and Foursquare and reach other existing platforms such as Tumblr, LinkedIn, Google and Bing through syndication of that content.

To date, we have completed over 2.7 million social media transactions for customers ranging from small local businesses to Fortune 50 organizations. We consider each individual sponsored blog post, tweet, action or other status update as an individual transaction so long as the publisher of that content is being compensated for such post, tweet or other status update.

We derive over 80% of our revenue from advertisers for the use of our network of social media publishers to fulfill an advertiser sponsor requests for a blog post, tweet, click, purchase, or action. We derive the remaining 20% of our revenue from various service fees charged to advertisers and publishers. Service fees to advertisers include fees charged for management of advertising campaigns through our platforms and inactivity fees for dormant accounts. Service fees to publishers include upgrade account fees for obtaining greater visibility to advertisers in advertiser searches in our platforms, early cash out fees if a publisher wishes to be paid sponsorship fees without having met certain minimum balance thresholds and inactivity fees for dormant accounts.

Our Industry

Social media advertising was estimated to reach $1.7 billion in 2010 by Emarketer (August 2010), an independent digital intelligence firm, and is projected by Forrester Research (April 2009), an independent research company, to reach $3.1 billion by 2014. Despite the inherently conversational nature of social media, the majority of brand budgets are currently allocated towards display advertising (banner ads and text links) on social sites. While most advertisers understand the value of word of mouth marketing, peer recommendations and product reviews, few understand how to efficiently engage social media users for these purposes. Those who effectively attempt an approach are quickly limited by the amount of effort required to effectively manage and measure a truly integrated campaign.

The SMS space has been limited primarily by the current inefficiencies of the market. The social media publisher and advertiser universe is large and highly fragmented among topic, quality and platform. Despite the size of this market, most advertisers and social media publishers lack an efficient way to identify and engage each other. Instead, we believe brands have been forced to utilize a variety of highly inefficient sources and processes to navigate the complicated landscape of social media sponsorship, often resulting in low returns on their time investment or worse-yet, questionable results.

At the same time, social media publishers that would like to monetize their community are faced with significant challenges in finding quality advertisers who are motivated to sponsor them and making them aware of their blog, twitter or Facebook profile. In addition, smaller publishers simply lack the individual influence and audience needed to warrant the processing of a micro-transaction. In many cases it costs an advertiser more money to cut a check to a small publisher than the value of the sponsorship payment itself.

Further complicating the SMS process for both parties are FTC regulations around social media endorsements, IRS tax reporting generally applicable to anyone receiving income for services, and the associated campaign tracking required to provide compliance. While many advertisers would prefer to be “part of the conversation,” based on our experience, we believe the complexity and cost of individual social media sponsorship often deters them from doing so.

We believe that the current state of SMS represents a significant corporate opportunity for us. We address these common problems with targeted, scalable marketplaces that aggregate social media publishers and advertisers. We offer an efficient, innovative way for publishers and advertisers of all sizes to find each other and complete a sponsorship transaction.

Our Strengths

Since our inception in 2006, we have worked diligently to establish and leverage key strengths in our business model, including:

• A culture of innovation and creativity. We believe the only way to survive and thrive in our rapidly changing world is to change ahead of it. We are in a state of constant evolution and reinvention, this is "The IZEA Way". We have created a culture committed to innovation and creativity that challenges convention and breaks new ground. IZEA team members are protective and proud of our culture by applying its "humble, yet hungry" attitude to all facets of our business. Our people and their innovations ultimately provide us with our largest competitive advantage.

• First-mover advantage with a highly disruptive business model. We believe that by pioneering the SMS space and investing heavily in innovation and marketing, we were first to develop positive rapport among publishers and brand marketers alike. This loyalty has resulted in consistent growth of underlying revenue as well as increased participation levels across the business.

• Powerful network effect. As more brand marketers contribute opportunities into our marketplaces, we believe we will increase the breadth and depth of monetization value offered to our publisher-partners, attracting more publishers and therefore enhancing the value of our platforms to future brand clients. Our premium platforms have referral programs designed to further enhance the network effect for each publisher we sign up. Directly trackable publisher referrals represent approximately 34% of all traffic to SponsoredTweets.com and 59% of new Twitter publisher signups in 2011. Directly trackable publisher referrals are new publisher signups that we receive as the result of a current publisher sharing a unique tracking link to one of our platforms. The link allows us to determine how a new publisher learned about our platform. The referral program in SocialSpark.com has accounted for 44% of all new blog publisher sign-ups since its release in February 2011. We paid referral fees to publishers totaling $22,819 in 2010 and $33,932 for the nine months ended September 30, 2011. These programs amplify our marketing spending and decrease the investment required to attract new publishers.

• Scalable and leverageable operations. Our unique business model allows revenue to be derived in a variety of ways, all of which rely on our marketplace approach as a hub. We have replicated this business model across multiple new product offerings without substantially increasing our operations and support expense. Moving forward, our goal is to maintain scalable growth through new offerings in the burgeoning social-mobile category.

Key Risks and Uncertainties Affecting Us

We are subject to numerous risks and uncertainties, including the following:

• We have incurred significant net losses since our inception. We incurred net losses of $2,653,772, $2,157,759 and $2,838,597 for the years ended December 31, 2009, December 31, 2010 and the nine months ended September 30, 2011, respectively. We expect to incur losses through at least 2012.

• Our ability to continue as a going concern is dependent upon attaining profitable operations through achieving revenue growth targets while bringing expenses to a level that will result in positive cash flows.

• We have a limited operating history and are subject to the risks encountered by early-stage companies.

• We have experienced rapid growth over a short time period in our social media sponsorship platforms and we do not know whether our growth can be maintained. If we are unable to successfully respond to changes in the market, our business could be harmed.

• The social media sponsorship industry is subject to numerous changes that could cause our revenue to decline.

• If we fail to retain our existing publishers and advertisers or if there is a decline for our core social media marketing platforms, our revenue and business will be harmed.

• Since we are unable to identify the number of actual individual publishers, our total number of publishers may be higher than the number of our actual individual publishers and may not be representative of the number of persons who are active potential customers.

• Our social media sponsorship business is subject to the risks associated with word-of-mouth advertising and endorsements, such as violations of federal and state deceptive and unfair practice laws, "truth-in-advertising" laws and regulations, FTC Guides and other similar regulatory requirements. For example, we may be subject to liability if consumers are not aware of the paid relationship between advertiser and publisher with respect to the endorsements that they are relying on or, if we do not otherwise comply with the FTC and state rules on advertising and marketing, we could be subject to penalties that could include monetary damages and an order to cease our operations.

• Our business depends on our ability to maintain and scale the network infrastructure necessary to operate our platforms and applications, and any significant disruption in service of our platforms and applications could result in a loss of publishers and advertisers.

• If our technology platforms contain defects or if we fail to detect click-fraud ("click-fraud" is a form of online fraud when a person or computer program imitates a legitimate user by clicking on an advertisement for the purpose generating a charge per click without having an actual interest in the target of the advertisement's link), we could lose the confidence of our advertisers and advertising partners, thereby causing our business to suffer.

• We do not rely upon patents for the protection of our proprietary technology and our competitors may be able to offer similar products and services which would harm our competitive position.

Our Growth Strategy

After five years of development, we believe our core platforms are market-tested and poised for significant revenue growth. Our development efforts have included assembling an industry-experienced senior management team, launching and optimizing our online marketplaces, developing a cross-platform sales force and refining our message to the market. Key elements of our strategy to accelerate revenue growth and continue product development include:

• Bolster our sales force and locations . We expect growth of our client development team to be the primary driver of near term revenues. We intend to add additional sales personnel who receive a commission for meeting sales targets to more effectively service clients throughout the U.S. and the world. Experienced, senior team members are expected to cultivate deep relationships with agencies and brands in our recently opened New York, Los Angeles and Chicago offices as well as smaller satellite locations in key markets. We intend to add inside sales personnel to our Orlando headquarters to service smaller clients over the telephone and Internet. In addition to our expanded presence in the U.S., we intend to open offices in Asia, Latin America and Europe by the end of 2013. Our goal is to employ over 30 sales personnel by the end of 2013, with an aggregate sales target of $50 million leading into 2014.

• Develop strategic partnerships . Establishing strategic partnerships with companies that can provide additional growth in our base of publishers and brand advertisers. In August 2011, we announced an exclusive alliance with India's UTV to create new monetization opportunities for the estimated 12 million Twitter users in India. Under the terms of the UTV agreement, UTV and we have agreed to collaborate on an exclusive basis to develop a co-branded SponsoredTweets service for India pursuant to which we are responsible for operating the co-branded service and UTV is responsible for promoting the co-branded service. The UTV agreement provides that revenue generated from

the co-branded service will be shared between us and UTV. UTV's Indian celebrities including Lara Dutta, Mahesh Bhupati, Anurag Kashyap, Rohan Bopanna and Neetu Chandra, among others, are expected to join the site and soon be available for potential Twitter sponsorship opportunities.

• Continue emphasis on product innovation . Recruiting additional engineering and product development team members to enhance our various marketplaces while developing new technology platforms that complement our mission as a company.

• Seek complementary acquisitions . Identifying and acquiring companies, technologies and assets add to our portfolio of software services and drive additional near and long-term revenue. In July 2011, we acquired Germany's Magpie Twitter advertising network that included over 12,000 advertisers and 16,000 Twitter publishers in 124 countries, and in February 2012, we entered into a letter of intent with Twelvefold Media as discussed below.

• Expand WeReward marketing . Investing in consumer and channel marketing for WeReward is expect to result in an increase in our user base to meet growing demand for mobile and local campaigns.

Non-Binding Letter of Intent

On February 3, 2012, we entered into a non-binding letter of intent with respect to the proposed acquisition of all the capital stock of Twelvefold Media, Inc. (“Twelvefold Media”) for shares of our common stock. Twelvefold Media is a privately held company that creates customized digital media packages with proprietary technology utilizing emotive-based targeting at the page level and real-time bidding.

Based upon limited unaudited information available provided by Twelvefold Media to us, for the nine months ended September 30, 2011, Twelvefold Media realized approximately $8,050,700 in revenues and a net loss of approximately $3,327,300. We believe that Twelvefold Media is a synergistic acquisition that would permit the companies to realize economies of scale and reduce expenditures by consolidating sales efforts. Investors in this offering should not place undue reliance upon Twelvefold Media’s information and investors will be required to make an investment decision without the benefit of reviewing audited financial statements and other information of Twelvefold Media.

Consummation of the transaction is subject to certain conditions which are outside our control, including the negotiation and execution of a definitive agreement and the combined company having $7 million of net cash on its balance sheet at closing, all or most of which cash is to be raised in this offering. We cannot guarantee that a definitive agreement will be executed on the terms set forth in the letter of intent or otherwise on terms acceptable to the parties, or at all, or that there will be sufficient cash to meet the net cash condition above. If the parties enter into a definitive agreement, such agreement will be subject to a number of closing conditions, in addition to the net cash condition, such as third party consents and approvals. Thus, even if a definitive agreement is signed, we cannot guarantee that the transaction contemplated by such agreement will ever be completed. Finally, if the transaction contemplated by such agreement is completed, the expected benefits from the transaction and the resulting changes to our business plan may not be fully realized, or may take longer to realize than expected. For more information about possible risks of this transaction, see “Risks Factors – Risks Related to Non-Binding Letter of Intent.”

Corporate Background and Information

IZEA, Inc. was incorporated as a Nevada corporation on March 22, 2010. On May 12, 2011, we completed a share exchange pursuant to which we acquired all of the capital stock of IZEA Innovations, Inc., a privately held Delaware corporation (“IZEA Innovations”), which became our wholly owned subsidiary. In connection with the share exchange, we discontinued our former business and succeeded to the business of IZEA as our sole line of business. IZEA Innovations was incorporated in the state of Florida in February 2006 and reincorporated in the state of Delaware in September 2006. On November 23, 2011, our name changed from “IZEA Holdings, Inc.” to “IZEA, Inc.” and the name of our subsidiary changed from “IZEA, Inc.” to “IZEA Innovations, Inc."

Our executive offices are located at 150 N. Orange Avenue, Suite 412, Orlando, FL 32801 and our telephone number is (407) 674-6911. We maintain a corporate website at http://www.izea.com/. The contents on our website and the

downloadable files found there are not incorporated by reference into this prospectus and should not be considered to be a part of this prospectus.

The Offering

Common stock offered	shares of common stock (shares if the underwriters exercise their over-allotment option).
Common stock outstanding prior to this offering	38,648,450 shares.
Common stock to be outstanding after to this offering	shares.
Use of proceeds	We expect to use the net proceeds received from this offering for repayment of debt, sales, marketing and promotion, technology and platform engineering, establishment of strategic partnerships, potential acquisitions (which may include a transaction resulting from the non-binding letter of intent) and working capital and general corporate purposes. For a more complete description of our anticipated use of proceeds from this offering, see "Use of Proceeds."
OTC Bulletin Board symbol	IZEA.
Risk Factors	See "Risk Factors" beginning on page 16 and the other information included in this prospectus for a discussion of factors you should carefully consider before investing in our common stock.

The number of shares of our common stock to be outstanding after this offering is based on 38,648,450 shares of common stock outstanding as of February 13, 2012, and excludes as of that date:

- 230 shares of series A preferred stock convertible into an aggregate of 6,969,690 shares of common stock;
- warrants to purchase an aggregate of 6,167,930 shares of common stock;
- stock options to purchase an aggregate 4,627,631 shares of common stock;
- an aggregate of 2,445,129 additional shares of common stock reserved for future issuance under our May 2011 Equity Incentive Plan and an aggregate of 3,500,000 shares of common stock reserved for future issuance under our August 2011 Equity Incentive Plan; and
- 718,954 shares of common stock that may become issuable upon the conversion of a senior secured promissory note in the principal amount of $550,000, assuming a conversion price of $0.765 per share. The face value of the note may be exchanged at the option of the holders into the applicable dollar amount of equity securities issued by us in a subsequent private financing.

Summary Consolidated Financial Data

The following table summarizes our financial data. We have derived the following summary of our consolidated statements of operations data for the nine months ended September 30, 2011 and September 30, 2010 and the summary of our consolidated balance sheet data as of September 30, 2011 from our unaudited consolidated financial statements appearing elsewhere in this prospectus. We have derived the following summary of our consolidated statements of operations data for the years ended December 31, 2010 and December 31, 2009 from our audited financial statements appearing elsewhere in this prospectus. The following summary of our financial data set forth below should be read together with our consolidated financial statements and the related notes to those statements, as well as the section "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this prospectus.

	Nine Months Ended September 30, (Unaudited)		Years Ended December 31,	
Consolidated Statement of Operations Data:	2011	2010	2010	2009
Revenue	$ 2,821,354	$ 2,249,891	$ 3,821,538	$ 2,834,359
Cost of sales	1,306,463	1,192,043	1,819,031	1,343,159
Total operating expenses	4,409,999	2,974,873	4,085,647	4,061,114
Total other income (expense)	56,511	(60,930)	(74,619)	(83,858)
Net loss	$ (2,838,597)	$ (1,977,955)	$ (2,157,759)	$ (2,653,772)
Loss per common share – basic and diluted	$ (1.44)	$ (30.64)	$ (33.42)	$ (41.14)
Weighted average common shares outstanding – basic and diluted	1,974,859	64,560	64,560	64,507

	September 30, 2011	
Consolidated Balance Sheet Data:	Actual	As Adjusted for This Offering (1)
Cash and cash equivalents	$ 1,095,103	
Working capital (deficit)	109,935	$
Total assets	1,205,038	
Total liabilities	3,653,989	
Stockholders' equity (deficit)	(725,456)	

(1) Reflects our sale of shares of common stock offered by this prospectus at the public offering price of $ per share, after deducting underwriting discounts and commissions and the estimated offering expenses that we will pay.

RISK FACTORS

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

Risks Related to our Business

We have a history of losses, expect future losses and cannot assure you that we will achieve profitability.

We have incurred significant net losses and negative cash flow from operations since our inception. We incurred net losses of $2,653,772, $2,157,759 and $2,838,597 for the years ended December 31, 2009, December 31, 2010 and the nine months ended September 30, 2011, respectively. We had an accumulated deficit of $14,152,192 and $16,990,789 as of December 31, 2010 and September 30, 2011, respectively. Although our revenue has increased since inception, we have not achieved profitability and cannot be certain that we will be able to sustain these growth rates or realize sufficient revenue to achieve profitability. We expect to increase our revenue by over 100% and to derive the majority of our revenue for the foreseeable future from our core social media marketing platforms, SocialSpark, SponsoredTweets and WeReward and related services. Moreover, assuming that we raise gross proceeds of $8 million in this offering, we expect our operating expenses which include sales and marketing, product development and general and administrative expenses to increase to approximately $9 million in 2012, an estimated increase of approximately 39% when compared to 2011 operating expense levels. As a result of our expansion efforts, we expect to incur losses but believe that we will have sufficient capital to fund our operations through December 31, 2012. Our ability to continue as a going concern is dependent upon raising capital from financing transactions, increasing revenue by over 100% and keeping operating expenses less than 50% of our revenue levels in order to achieve positive cash flows. If we achieve profitability, we may not be able to sustain it.

We have a limited operating history and are subject to the risks encountered by early-stage companies.

Our operating subsidiary incorporated in the state of Florida in February 2006 as PayPerPost, Inc., reincorporated in the state of Delaware in September 2006 and changed its corporate name to IZEA, Inc. in November 2007. Because we have a limited operating history, you should consider and evaluate our operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. For us, these risks include:

- risks associated with our dependence on our core platforms, SocialSpark, SponsoredTweets, WeReward and related services, for the majority of our revenues for the foreseeable future;
- risks that our growth strategy may not be successful; and
- risks that fluctuations in our operating results will be significant relative to our revenues.

These risks are described in more detail below. Our future growth will depend substantially on our ability to address these and the other risks described in this section. If we do not successfully address these risks, our business would be significantly harmed.

We have experienced rapid growth over a short period in our social media sponsorship platforms and we do not know whether this will continue to develop or whether it can be maintained. If we are unable to successfully respond to changes in the market, our business could be harmed.

Our business has grown rapidly as advertisers and publishers have increasingly used our social media sponsorship platforms. However, the social media sponsorship industry is relatively new. Given the limited history, it is difficult to predict whether our platforms will continue to grow or whether it can be maintained. We expect that the platforms will evolve in ways which may be difficult to predict. It is possible that advertisers and publishers could broadly determine that they no longer believe in the value of our current platforms. In the event of these or any other changes to the market, our continued success will depend on our ability to successfully adjust our strategy to meet the changing market dynamics. If we are unable to do so, our business, prospects, results of operation and financial condition could be materially harmed.

The social media sponsorship landscape is subject to numerous changes that could cause our revenue to decline.

Our business model may not continue to be effective in the future for a number of reasons, including the following:

- social media sponsorships are, by their nature, limited in content relative to other media;
- companies may be reluctant or slow to adopt social media sponsorship that replaces, limits or competes with their existing direct marketing efforts;
- companies may prefer other forms of advertising we do not offer, including certain forms of search engine placements;
- companies, such as Facebook and Twitter, may no longer grant us access to their websites in connection with our social media sponsorship platforms;
- companies may not utilize social media sponsorship due to concerns of “click-fraud” particularly related to search engine placements (“click-fraud” is a form of online fraud when a person or computer program imitates a legitimate user by clicking on an advertisement for the purpose generating a charge per click without having an actual interest in the target of the advertisement’s link); and
- regulatory actions may negatively impact certain business practices that we currently rely on to generate a portion of our revenue and profitability.

If the number of companies that purchase social media sponsorship from us does not grow, we may experience difficulty in attracting publishers, and our revenue could decline which would have a material adverse effect on our business, prospects, results of operations and financial condition.

If we fail to retain our existing publishers, our revenue and business will be harmed.

We must continue to retain and acquire publishers that publish sponsorships through our core platforms in order to increase revenue and achieve profitability. If publishers do not perceive our products and services to be of high value and quality or if we fail to introduce new and more relevant products and services, we may not be able to acquire or retain publishers. If we are unable to acquire new publishers in numbers sufficient to grow our business, or if publishers cease using our products and services, the revenue we generate may decrease and our operating results will be adversely affected. We believe that many of our new publishers originate from word-of-mouth and other referrals from existing publishers, and therefore we must ensure that our existing publishers remain loyal to our service in order to continue receiving those referrals. If our efforts to satisfy our existing publishers are not successful, we may not be able to acquire new publishers in sufficient numbers to continue to grow our business or we may be required to incur significantly higher marketing expenses in order to acquire new publishers

If we fail to retain existing advertisers or add new advertisers, our revenue and business will be harmed.

We have more than 50,000 registered advertisers in 157 different countries, of which approximately 7,000, 6,000 and 5,000 advertisers have created a social media sponsorship during 2011, 2010 and 2009, respectively. We depend on our ability to attract and retain advertisers that are prepared to offer products or services on compelling terms through our platforms. We must continue to attract and retain advertisers in order to increase revenue and achieve profitability. If new advertisers do not find our marketing and promotional services effective, or if existing advertisers do not believe that utilizing our platforms provides them with a long-term increase in customers, revenue or profit, they may stop advertising through our platforms. In addition, we may experience attrition in our advertisers in the ordinary

course of business resulting from several factors, including losses to competitors and closures or bankruptcies. If we are unable to attract new advertisers in numbers sufficient to grow our business, or if too many advertisers are unwilling to offer products or services with compelling terms through our platforms or offer favorable payment terms to us, our operating results will be adversely affected.

A decline in the demand for our core social media marketing platforms or related services would seriously harm our revenue and margins.

Our core social media marketing platforms, SocialSpark, SponsoredTweets, and WeReward, and related services accounted for 26%, 51% and 65% of our revenue for the years ended December 31, 2009 and 2010 and the nine months ended September 30, 2011, respectively. We anticipate that revenue from these core platforms and related services will continue to constitute the majority of our revenue for the foreseeable future. Consequently, a decline in demand for these platforms or their failure to achieve broad market acceptance would seriously harm our business.

Intense competition in our target market could impair our ability to grow and to achieve profitability.

The market for social media sponsorships is highly competitive. We expect this competition to continue to increase, in part because there are no significant barriers to entry to our industry. Increased competition may result in price reductions for advertising space, reduced margins and loss of market share. Our principal competitors include other companies that provide advertisers with Internet advertising solutions and companies that offer pay per click search services.

Competition for advertising placements among current and future suppliers of Internet navigational and informational services, high-traffic websites and social media sponsorship providers, as well as competition with other media for advertising placements, could result in significant price competition, declining margins and reductions in advertising revenue. In addition, as we continue our efforts to expand the scope of our services, we may compete with a greater number of other media companies across an increasing range of different services, including in vertical markets where competitors may have advantages in expertise, brand recognition and other areas. If existing or future competitors develop or offer products or services that provide significant performance, price, creative or other advantages over those offered by us, our business, prospects, results of operations and financial condition could be negatively affected. We also compete with traditional advertising media, such as direct mail, television, radio, cable and print for a share of advertisers' total advertising budgets. Many current and potential competitors enjoy competitive advantages over us, such as longer operating histories, greater name recognition, larger customer bases, greater access to advertising space on high-traffic websites, and significantly greater financial, technical, sales and marketing resources. As a result, we may not be able to compete successfully. If we fail to compete successfully, we could lose customers or advertising inventory and our revenue and results of operations could decline.

Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, or if we receive unfavorable media coverage, our ability to expand our base of publishers and advertisers will be impaired and our business and operating results will be harmed.

We believe that the brand identity that we have developed has significantly contributed to the success of our business. We also believe that maintaining and enhancing the "IZEA" brand is critical to expanding our base of publishers and advertisers. Maintaining and enhancing our brand may require us to make substantial investments and these investments may not be successful. If we fail to promote and maintain the "IZEA" brand, or if we incur excessive expenses in this effort, our business, prospects, operating results and financial condition will be materially and adversely affected. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Unfavorable publicity or consumer perception of our platforms, applications, practices or service offerings, or the offerings of our advertisers, could adversely affect our reputation, resulting in difficulties in recruiting, decreased revenue and a negative impact on the number of advertisers and the size of our publisher base, the loyalty of our publishers and the number and variety of sponsorships we offer each day. As a result, our business, prospects, results of operation and financial condition could be materially and adversely affected.

Our total number of publishers may be higher than the number of our actual individual publishers and may not be representative of the number of persons who are active potential customers.

Our total number of publishers may be higher than the number of our actual individual publishers because some publishers have multiple registrations, other publishers may have died or become incapacitated and others may have registered under fictitious names. Given the challenges inherent in identifying these publishers, we do not have a reliable system to accurately identify the number of actual individual publishers, and thus we rely on the number of total publishers as our measure of the size of our publisher base. In addition, the number of publishers includes the total number of individuals that have completed registration through a specific date, less individuals who have unsubscribed, and should not be considered as representative of the number of persons who continue to actively publish the sponsorships we offer through our platforms.

We may become subject to government regulation and legal uncertainties that could reduce demand for our products and services or increase the cost of doing business, thereby adversely affecting our financial results.

We are not currently subject to direct regulation by any domestic or foreign governmental agency, other than regulations applicable to businesses generally and laws or regulations directly applicable to Internet commerce.

However, due to the increasing popularity and use of the social media, it is possible that a number of laws and regulations may become applicable to us or may be adopted in the future with respect to the Internet covering issues such as:

- truth-in-advertising;
- user privacy;
- taxation;

- right to access personal data;
- copyrights;
- distribution; and
- characteristics and quality of services.

The applicability of existing laws governing issues such as property ownership, copyrights and other intellectual property issues, encryption, taxation, libel, export or import matters and personal privacy to social media platforms is uncertain. The vast majority of these laws were adopted prior to the broad commercial use of social media platforms and related technologies. As a result, they do not contemplate or address the unique issues of social media and related technologies. Changes to these laws intended to address these issues, including some recently proposed changes, could create uncertainty in the social media marketplace. Such uncertainty could reduce demand for our services or increase the cost of doing business due to increased costs of litigation or increased service delivery costs.

Our social media sponsorship business is subject to the risks associated with word-of-mouth advertising and endorsements, such as violations of the "truth-in-advertising," FTC Guides and other similar regulatory requirements and, more generally, loss of consumer confidence.

We and the advertisers and publishers that use our platforms are subject to Federal Trade Commission ("FTC") and state rules on advertising and marketing on the Internet, including truth-in advertising rules and online advertising disclosures. In 2009, the FTC revised its Guides Concerning the Use of Endorsements and Testimonials in Advertising (the "Guides"). These new Guides significantly extend the scope of potential liability associated with the use of testimonials, endorsements, and new media methods, such as blogging, in advertising. In particular, the Guides provide that in a service that matches up advertisers with bloggers who will promote the advertiser's products on their personal blogs, the advertiser and blogger are both subject to liability for misleading or unsubstantiated representations made through the blogger's endorsement and the blogger is also liable if he or she fails to disclose clearly and conspicuously that he or she is being paid for his or her services. The Guides further provide that in order to limit its potential liability, the advertiser should ensure that the advertising service provides guidance and training to its bloggers concerning the need to ensure that statements they make are truthful and substantiated. If consumers are not advised of the paid relationship between advertiser and publisher with respect to the endorsements that they are relying on or if we do not otherwise comply with the FTC and state rules on advertising and marketing, then we could be subject to penalties that could include monetary damages and an order to cease our operations. In certain cases, we are retained by the advertiser to manage an advertising campaign that is operated through our platforms, increasing our exposure as not only the service provider but also the advertiser. More generally, if there is negative consumer perception and mistrust of the practice of undisclosed compensation to bloggers and publishers to endorse the advertisers' specific products, then this could result in a reduction by advertisers in the use of social media marketing platforms like ours as a means for advertising which could have a material adverse effect on our business and financial results.

New tax treatment of companies engaged in internet commerce may adversely affect the commercial use of our services and our financial results.

Due to the global nature of social media, it is possible that various states or foreign countries might attempt to regulate our transmissions or levy sales, income or other taxes relating to our activities. Tax authorities at the international, federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in internet commerce. New or revised international, federal, state or local tax regulations may subject us or our publishers to additional sales, income and other taxes. We cannot predict the effect of current attempts to impose sales, income or

other taxes on commerce over social media. New or revised taxes and, in particular, sales taxes, VAT and similar taxes would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling goods and services over social media. New taxes could also create significant increases in internal costs necessary to capture data, and collect and remit taxes. Any of these events could have an adverse effect on our business and results of operations.

Failure to comply with federal, state and international privacy laws and regulations, or the expansion of current or the enactment of new privacy laws or regulations, could adversely affect our business.

A variety of federal, state and international laws and regulations govern the collection, use, retention, sharing and security of consumer data. The existing privacy-related laws and regulations are evolving and subject to potentially differing interpretations. In addition, various federal, state and foreign legislative and regulatory bodies may expand current or enact new laws regarding privacy matters. For example, recently there have been Congressional hearings and increased attention to the capture and use of location-based information relating to users of smartphones and other mobile devices. We have posted privacy policies and practices concerning the collection, use and disclosure of publisher data on our websites and platforms. Several internet companies have incurred penalties for failing to abide by the representations made in their privacy policies and practices. In addition, several states have adopted legislation that requires businesses to implement and maintain reasonable security procedures and practices to protect sensitive personal information and to provide notice to consumers in the event of a security breach. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any data-related consent orders, Federal Trade Commission requirements or orders or other federal, state or international privacy or consumer protection-related laws, regulations or industry self-regulatory principles could result in claims, proceedings or actions against us by governmental entities or others or other liabilities, which could adversely affect our business. In addition, a failure or perceived failure to comply with industry standards or with our own privacy policies and practices could result in a loss of publishers or advertisers and adversely affect our business. Federal, state and international governmental authorities continue to evaluate the privacy implications inherent in the use of third-party web "cookies" for behavioral advertising. The regulation of these cookies and other current online advertising practices could adversely affect our business.

Our business depends on our ability to maintain and scale the network infrastructure necessary to operate our platforms and applications, and any significant disruption in service on our platforms and applications could result in a loss of publishers or advertisers.

Publishers and advertisers access our services through our platforms and applications. Our reputation and ability to acquire, retain and serve our publishers and advertisers are dependent upon the reliable performance of our platforms and applications and the underlying network infrastructure. As our publisher base continues to grow, we will need an increasing amount of network capacity and computing power. We have spent and expect to continue to spend substantial amounts for data centers and equipment and related network infrastructure to handle the traffic on our platforms and applications. The operation of these systems is expensive and complex and could result in operational failures. In the event that our publisher base or the amount of traffic on our platforms and applications grows more quickly than anticipated, we may be required to incur significant additional costs. Interruptions in these systems, whether due to system failures, computer viruses or physical or electronic break-ins, could affect the security or availability of our platforms and applications, and prevent our publishers and advertisers from accessing our services. A substantial portion of our network infrastructure is hosted by third-party providers. Any disruption in these services or any failure of these providers to handle existing or increased traffic could significantly harm our business. Any financial or other difficulties these providers face may adversely affect our business, and we exercise little control over these providers, which increases our vulnerability to problems with the services they provide. If we do not maintain or expand our network infrastructure successfully or if we experience operational failures, we could lose current and potential publishers and advertisers, which could harm our operating results and financial condition.

If our security measures are breached, or if our services are subject to attacks that degrade or deny the ability of users to access our platforms, our platforms and applications may be perceived as not being secure, advertisers and publishers may curtail or stop using our services, and we may incur significant legal and financial exposure.

Our platforms and applications and the network infrastructure that is hosted by third-party providers involve the storage and transmission of advertiser and publisher proprietary information, and security breaches could expose us to a risk of loss of this information, litigation, and potential liability. Our security measures may be breached due to the actions of outside parties, employee error, malfeasance, security flaws in the third party hosting service that we rely upon or otherwise, and, as a result, an unauthorized party may obtain access to our data or our advertisers' or publishers' data. Additionally, outside parties may attempt to fraudulently induce employees, advertisers or publishers to disclose sensitive information in order to gain access to our data or our advertisers' or users' data. Although we do have security measures in place, we have had instances where some publisher accounts were hacked and instances where customers have used credit cards fraudulently. While these breaches of our security did not result in material harm to our business, any future breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and a loss of confidence in the security of our platforms and applications that could potentially have an adverse effect on our business. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose advertisers and publishers.

Delays in releasing enhanced versions of our products and services could adversely affect our competitive position.

As part of our strategy, we expect to periodically release enhanced versions of our core platforms and related services. Even if our new versions contain the features and functionality our customers want, in the event we are unable to timely introduce these new product releases, our competitive position may be harmed. We cannot assure you that we will be able to successfully complete the development of currently planned or future products in a timely and efficient manner. Due to the complexity of these products, internal quality assurance testing and customer testing of

pre-commercial releases may reveal product performance issues or desirable feature enhancements that could lead us to postpone the release of these new versions. In addition, the reallocation of resources associated with any postponement would likely cause delays in the development and release of other future products or enhancements to our currently available products. Any delay in releasing other future products or enhancements of our products could cause our financial results to be adversely impacted.

If our technology platforms contain defects, we may need to suspend their availability and our business and reputation would be harmed.

Platforms as complex as ours often contain unknown and undetected errors or performance problems. Many serious defects are frequently found during the period immediately following introduction and initial release of new platforms or enhancements to existing platforms. Although we attempt to resolve all errors that we believe would be considered serious by our customers before making our platforms available to them, our products are not error-free. These errors or performance problems could result in lost revenues or delays in customer acceptance and would be detrimental to our business and reputation. We may not be able to detect and correct errors before releasing our product commercially. We cannot assure you that undetected errors or performance problems in our existing or future products will not be discovered in the future or that known errors, considered minor by us, will not be considered serious by our customers, resulting in a decrease in our revenues.

We may be subject to lawsuits for information by our advertisers and social media publishers, which may affect our business.

Laws relating to the liability of providers of online services for activities of their advertisers or of social media publishers (such as bloggers, mobile users and tweeters) and for the content of their advertisers' listings are currently unsettled. It is unclear whether we could be subjected to claims for defamation, negligence, copyright or trademark infringement or claims based on other theories relating to the information we publish on our websites or the information that is published across our platforms. These types of claims have been brought, sometimes successfully, against online services, as well as print publications in the past. We may not successfully avoid civil or criminal liability for unlawful activities carried out by our advertisers or social media publishers. Our potential liability for unlawful activities of our advertisers or social media publishers or for the content of our advertisers' listings could require us to implement measures to reduce our exposure to such liability, which may require us, among other things, to spend substantial resources or to discontinue certain service offerings. Our insurance may not adequately protect us against these types of claims and the defense of such claims may divert the attention of our management from our operations. If we are subjected to such lawsuits, it may adversely affect our business.

If we fail to detect click-fraud, we could lose the confidence of our advertisers and advertising partners as a result of lost revenue to advertisers or misappropriation of proprietary and confidential information, thereby causing our business to suffer.

Click-fraud" is a form of online fraud when a person or computer program imitates a legitimate user by clicking on an advertisement for the purpose generating a charge per click without having an actual interest in the target of the advertisement's link. We are exposed to the risk of fraudulent or illegitimate clicks on our sponsored listings. The security measures we have in place, which are designed to reduce the likelihood of click-fraud, detect click-fraud from time to time. While the instances of click-fraud that we have detected to date have not had a material effect on our business, click-fraud could result in an advertiser experiencing a reduced return on their investment in our advertising programs because the fraudulent clicks will not lead to revenue for the advertisers. As a result, our advertisers and advertising partners may become dissatisfied with our advertising programs, which could lead to loss of advertisers, advertising partners and revenue. In addition, anyone who is able to circumvent our security measures could misappropriate proprietary and confidential information or could cause interruptions in our operations. We may be required to expend significant capital and other resources to protect against such security breaches or to address problems caused by such breaches. Concerns over the security of the Internet and other online transactions and the privacy of users may also deter people from using the Internet to conduct transactions that involve transmitting confidential information.

If third parties claim that we infringe their intellectual property rights, it may result in costly litigation.

We cannot assure you that third parties will not claim our current or future products or services infringe their intellectual property rights. Any such claims, with or without merit, could cause costly litigation that could consume significant management time. As the number of product and services offerings in our market increases and functionalities increasingly overlap, companies such as ours may become increasingly subject to infringement claims. Such claims also might require us to enter into royalty or license agreements. If required, we may not be able to obtain such royalty or license agreements, or obtain them on terms acceptable to us.

We do not rely upon patents to protect our proprietary technology, and our competitors may be able to offer similar products and services which would harm our competitive position.

Our success depends upon our proprietary technology. We do not have patents on any of our technology and we have not filed any patent applications to date because we have determined that the costs of patent prosecution outweigh the benefits given the alternative of reliance upon copyright law to protect our computer code and other proprietary technology and properties. In addition to copyright laws, we rely upon service mark and trade secret laws, confidentiality procedures and contractual provisions to establish and protect our proprietary rights. As part of our confidentiality procedures, we enter into non-disclosure agreements with our employees and consultants. Despite these precautions, third parties could copy or otherwise obtain and use our technology without authorization, or develop similar technology independently. In addition, effective protection of intellectual property rights is unavailable or limited in certain foreign countries. We cannot assure you that the protection of our proprietary rights will be adequate or that our competitors will not independently develop similar technology, duplicate our products and services or design around any intellectual property rights we hold.

Our market is subject to rapid technological change and, to compete, we must continually enhance our products and services.

We must continue to enhance and improve the performance, functionality and reliability of our products and services. The social media sponsorship industries are characterized by rapid technological change, changes in user requirements and preferences, frequent new product and services introductions embodying new technologies and the emergence of

new industry standards and practices that could render our products and services obsolete. In the past, we have discovered that some of our customers desire additional performance and functionality not currently offered by our products. Our success will depend, in part, on our ability to develop new products and services that address the increasingly sophisticated and varied needs of our customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of our technology and other proprietary technology involves significant technical and business risks. We may fail to use new technologies effectively or to adapt our proprietary technology and systems to customer requirements or emerging industry standards. If we are unable to adapt to changing market conditions, customer requirements or emerging industry standards, we may not be able to increase our revenue and expand our business.

Difficulties we may encounter managing our growth could adversely affect our results of operations.

We have experienced a period of growth that has placed, and if such growth continues, will continue to place, a strain on our administrative infrastructure. As our business needs expand, we intend to hire up to nine new employees in 2012 assuming we raise $8 million of gross proceeds in this offering. This expansion is placing and is expected to continue to place a significant strain on our managerial and financial resources. To manage the expected growth of our operations and personnel, we will be required to:

- improve existing, and implement new, operational, financial and management controls, reporting systems and procedures;
- install enhanced management information systems; and
- train, motivate and manage our employees.

We may not be able to install adequate management information and control systems in an efficient and timely manner, and our current or planned personnel, systems, procedures and controls may not be adequate to support our future operations. If we are unable to manage growth effectively, our business would be seriously harmed.

If we lose key personnel or are unable to attract and retain additional qualified personnel we may not be able to successfully manage our business and achieve our objectives.

We believe our future success will depend upon our ability to retain our key management, including Edward H. (Ted) Murphy, our President and Chief Executive Officer, Donna L. Mackenzie, our Chief Financial Officer, and Ryan Schram, our Chief Marketing Officer. We maintain key-man life insurance for our benefit on the life of Mr. Murphy in the amount of $1.5 million. We may not be successful in attracting, assimilating and retaining our employees in the future.

Our future success and our ability to expand our operations will also depend in large part on our ability to attract and retain additional qualified graphic designers, computer scientists, sales and marketing and senior management personnel. Competition for these types of employees is intense due to the limited number of qualified professionals and the high demand for them, particularly in the Orlando, Florida area, where our headquarters is located. We have in the past experienced difficulty in recruiting qualified personnel. Failure to attract, assimilate and retain personnel, particularly tech and sales and marketing personnel, would have a material adverse effect on our business and potential growth.

International operations could expose us to additional risks which could harm our business, prospects, results of operation, and financial condition.

We recently expanded into the European marketplace through our acquisition of a German social media sponsorship network, Magpie, and we have entered into a joint venture to provide a co-branded SponsoredTweets service in India. While international operations are not significant to our revenues, we plan to further expand internationally. In certain international markets, we may not benefit from any first-to-market advantages or otherwise succeed. In addition to risks described elsewhere in this section, our international operations expose us to additional risks, including the following:

- Changes in local political, economic, social, and labor conditions, which may adversely harm our business.

- Restrictions on foreign ownership and investments, and stringent foreign exchange controls that might prevent us from repatriating cash earned in countries outside the U.S.

- Import and export requirements that may prevent us from offering products or providing services to a particular market and may increase our operating costs.

- Currency exchange rate fluctuations and our ability to manage these fluctuations through our foreign exchange risk management program.

- Longer payment cycles in some countries, increased credit risk, and higher levels of payment fraud.

- Uncertainty regarding liability for services and content, including uncertainty as a result of local laws and lack of legal precedent.

- Different employee/employer relationships, existence of workers' councils and labor unions, and other challenges caused by distance, language, and cultural differences, making it harder to do business in certain jurisdictions.

In addition, compliance with complex foreign and U.S. laws and regulations that may apply to international operations increases may increase the cost of doing business in international jurisdictions. These numerous and sometimes conflicting laws and regulations include internal control and disclosure rules, data privacy and filtering requirements, anti-corruption laws, such as the Foreign Corrupt Practices Act, and other local laws prohibiting corrupt payments to governmental officials, and anti-competition regulations, among others. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our brand, our international expansion efforts, our ability to attract and retain employees, our business, and our operating results.

Our management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.

The individuals who now constitute our management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that will be subject to significant regulatory oversight and reporting obligations under the federal securities laws. In particular, these new obligations will require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business, which could materially and adversely impact our business operations.

Risks Relating to our Common Stock and this Offering

Our management will be able to exert control over us to the detriment of minority stockholders.

Our executive officers and directors beneficially own approximately 57% of our outstanding common stock. These stockholders, if they act together, will be able to control our management and affairs and all matters requiring stockholder approval, including significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing our change in control and might affect the market price of our common stock.

The restatement of our financial statements may result in litigation or government enforcement actions. Any such action would likely harm our business, prospects, financial condition and results of operations.

As noted in our financial statements for the quarter ended June 30, 2011 filed with the SEC on August 22, 2011, our independent registered public accounting firm had not completed their SAS 100 review of the quarter ended June 30, 2011 since we were in the process of determining the accounting impact related to the issuance of common stock, series A preferred stock and warrants in a private placement that commenced in May 2011 (the “May 2011 Offering”). On September 8, 2011, our management completed its analysis of the financing arrangement and concluded its unaudited financial statements included in those financial statements could not be relied upon. We determined the warrants issued in connection with the May 2011 Offering require a classification in liabilities as derivative warrants. In addition, we determined the units sold to our Chief Executive Officer in connection with the May 2011 offering resulted in compensation expense. Consequently, we restated our financial statements for the quarter ended June 30, 2011 and filed with the SEC restated financial statements on September 9, 2011. The restatement of our financial statements may expose us to risks associated with litigation, regulatory proceedings and government enforcement actions. In addition, securities class action litigation has often been brought against companies which have been unable to provide current public information or which have restated previously filed financial statements. Any of these actions could result in substantial costs, divert management’s attention and resources, and harm our business, prospects, results of operation and financial condition.

Exercise of options, warrants and other convertible securities will dilute your percentage of ownership.

We may issue stock options to purchase up to 7,100,000 shares of common stock under our 2011 Equity Incentive Plan and up to 3,500,000 shares of common stock under our 2011 B Equity Incentive Plan. In the future, we may grant additional stock options, warrants and convertible securities. The exercise, conversion or exchange of stock options, warrants or convertible securities will dilute the percentage ownership of our other stockholders. The dilutive effect of the exercise or conversion of these securities may adversely affect our ability to obtain additional capital. The holders of these securities may be expected to exercise, convert or exchange them when we would be able to obtain additional equity capital on terms more favorable than these securities.

Our earnings are subject to substantial quarterly and annual fluctuations and to market downturns.

Our revenues and earnings may fluctuate significantly in the future. General economic or other political conditions may cause a downturn in the market for our products or services. Despite the recent improvements in market conditions, a future downturn in the market for our products or services could adversely affect our operating results and increase the risk of substantial quarterly and annual fluctuations in our earnings. Our future operating results may be affected by many factors, including, but not limited to: our ability to retain existing or secure anticipated advertisers and publishers; our ability to develop, introduce and market new products and services on a timely basis; changes in the mix of products developed, produced and sold; and disputes with our advertisers and publishers. These factors affecting our future earnings are difficult to forecast and could harm our quarterly and/or annual operating results.

Public company compliance may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and new rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to increase our compliance costs in 2011 and beyond and to make certain activities more time consuming and costly. As a public company, we also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

Our stock price may be volatile.

The stock market in general, and the stock prices of technology-based companies in particular, have experienced volatility that often has been unrelated to the operating performance of any specific public company. The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited "public float" in the hands of a small number of persons who sales or lack of sales could result in positive or negative pricing pressure on the market prices of our common stock;
- expiration of any Rule 144 holding periods or registration of unregistered securities issued by us;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;

- loss of any strategic relationship;
- regulatory developments; and
- economic and other external factors.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

There may be a limited public market for our securities; we presently fail to qualify for listing on any national securities exchanges.

Our common stock currently does not meet all of the requirements for initial listing on a registered stock exchange. Specifically, the bid price of our common stock is less than the minimum bid price required to obtain a listing. Trading in our common stock continues to be conducted on the electronic bulletin board in the over-the-counter market. As a result, an investor may find it difficult to dispose of or to obtain accurate quotations as to the market value of our common stock, and our common stock may be less attractive for margin loans, for investment by financial institutions, as consideration in future capital raising transactions or other purposes.

Our common stock is currently deemed a “penny stock,” which makes it more difficult for our investors to sell their shares.

Our common stock is subject to the “penny stock” rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on the Nasdaq Stock Market or other national securities exchange and trades at less than $4.00 per share, other than companies that have had average revenue of at least $6,000,000 for the last three years or that have tangible net worth of at least $5,000,000 ($2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than “established customers” complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. If our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market upon the expiration of any statutory holding period, under Rule 144, or issued upon the exercise of outstanding options or warrants or conversion of preferred stock or other convertible securities, it could create a circumstance commonly referred to as an “overhang” and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Of the approximately 38,648,450 shares of our common stock outstanding as of February 13, 2012, approximately 12,500,000 shares are freely tradable without restriction as of that date. At varying dates between May and August 2012, 11,090,899 shares of common stock (including shares issuable upon conversion of series A preferred stock) that

had been issued in unregistered private placements are expected to become tradable pursuant to Rule 144. As of February 13, 2012, we have 10,825,561 shares of common stock issuable upon exercise of options and warrants and 718,954 shares of common stock that may become issuable upon the conversion of a senior secured promissory note in the principal amount of $550,000, assuming a conversion price of $0.765 per share.

Investor relations activities, nominal "float" and supply and demand factors may affect the price of our common stock.

Following this offering, we expect to utilize various techniques such as non-deal road shows and investor relations campaigns in order to create investor awareness for our business. These campaigns may include personal, video and telephone conferences with investors and prospective investors in which our business practices are described. We may provide compensation to investor relations firms and pay for newsletters, websites, mailings and email campaigns that are produced by third-parties based upon publicly-available information concerning us. We do not intend to review or approve the content of such analysts' reports or other materials based upon analysts' own research or methods. Investor relations firms should generally disclose when they are compensated for their efforts, but whether such disclosure is made or complete is not under our control. Our investors may be willing, from time to time, to encourage investor awareness through similar activities. Investor awareness activities may also be suspended or discontinued which may impact the trading market of our common stock.

The SEC and FINRA enforce various statutes and regulations intended to prevent manipulative or deceptive devices in connection with the purchase or sale of any security and carefully scrutinize trading patterns and company news and other communications for false or misleading information, particularly in cases where the hallmarks of "pump and dump" activities may exist, such as rapid share price increases or decreases. We and our shareholders may be subjected to enhanced regulatory scrutiny due to the small number of holders who initially will own the registered shares of our common stock publicly available for resale, and the limited trading markets in which such shares may be offered or sold which have often been associated with improper activities concerning penny-stocks, such as the OTC Bulletin Board or the OTCQB Marketplace (Pink OTC) or pink sheets. Until such time as the common stock sold in this offering is registered and until such time as our restricted shares are registered or available for resale under Rule 144, there will continue to be a small percentage of shares held by a small number of investors, many of whom acquired such shares in privately negotiated purchase and sale transactions, that will constitute the entire available trading market. The Supreme Court has stated that manipulative action is a term of art connoting intentional or willful conduct designed to deceive or defraud investors by controlling or artificially affecting the price of securities. Often times, manipulation is associated by regulators with forces that upset the supply and demand factors that would normally determine trading prices. A small percentage of our outstanding common stock is available for trading, held by a small number of individuals or entities. Accordingly, the supply of common stock for sale will be extremely limited for an indeterminate amount of time, which could result in higher bids, asks or sales prices than would otherwise exist. Securities regulators have often cited thinly-traded markets, small numbers of holders, and awareness campaigns as components of their claims of price manipulation and other violations of law when combined with manipulative trading, such as wash sales, matched orders or other manipulative trading timed to coincide with false or touting press releases. There can be no assurance that our or third-parties' activities, or the small number of potential sellers or small percentage of stock in the "float," or determinations by purchasers or holders as to when or under what circumstances or at what prices they may be willing to buy or sell stock, will not artificially impact (or would be claimed by regulators to have affected) the normal supply and demand factors that determine the price of stock.

Our management team will have immediate and broad discretion over the use of the net proceeds from this offering and we may use the net proceeds in ways with which you disagree.

There is no minimum offering amount required as a condition to closing this offering and therefore net proceeds from this offering will be immediately available to our management to use at their discretion. We currently intend to use the net proceeds from this offering for repayment of debt, for sales, marketing and promotion, technology and platform engineering, establishment of strategic partnerships, potential acquisitions (which may include a transaction resulting from the non-binding letter of intent) and working capital and general corporate purposes. See "Use of Proceeds." You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for us or our stockholders. The failure of our management to use such funds effectively could have a material adverse effect on our business, prospects, financial condition, and results of operation.

If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.

Our internal control over financial reporting may have weaknesses and conditions that could require correction or remediation, the disclosure of which may have an adverse impact on the price of our common stock. We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely affect our public disclosures regarding our business, prospects, financial condition or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and

conditions that need to be addressed in our internal control over financial reporting or disclosure of management's assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock. During the quarter ended June 30, 2011, a material weakness existed in our internal controls over financial reporting with respect to the incompletion of our assessment of the accounting impact of the issuance of complex and non-standard debt and equity instruments in May 2011. As a result of this material weakness, we were required to restate our financial statements for the quarter ended June 30, 2011. This material weakness was subsequently remediated as of September 30, 2011.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

You will incur immediate and substantial dilution as a result of this offering. After giving effect to the sale by us of shares offered in this offering at an assumed public offering price of $ per share, and after deducting the underwriters' discounts and commissions and estimated offering expenses payable by us, investors in this offering can expect an immediate dilution of $ per share, or % at the assumed public offering price. In addition, in the past, we issued convertible preferred stock, options and warrants to acquire shares of common stock. To the extent these options are ultimately exercised, you will sustain future dilution. We may also acquire other technologies or finance strategic alliances by issuing equity, which may result in additional dilution to our stockholders.

If you are not an institutional investor, you may purchase securities in this offering only if you reside within the states in which we will apply to have the securities registered or are exempt from registration, and, if required, meet any requisite suitability standards.

Because our common stock is quoted on the OTC Bulletin Board and not listed on a national securities exchange, this offering must be registered, or be exempt from registration, in any state in which the securities are to be offered or sold. We will apply to register securities, or will seek to obtain an exemption from registration, only in certain states. If you are not an "institutional investor," you must be a resident of these jurisdictions to purchase our securities in the offering. The definition of an "institutional investor" varies from state to state, but generally includes financial institutions, broker-dealers, banks, insurance companies and other qualified entities. If you are not an institutional investor, you may purchase securities in this offering only if you reside in the jurisdictions where there is an effective registration or exemption, and, if required, meet any requisite suitability standards.

Because we are seeking a limited offering qualification in California, sales of our units will be limited in California.

We are seeking a limited offering qualification of our securities in California. If the offering is approved in California on the basis of such limited offering qualification, in the absence of any other exemptions, offers and sales of our securities can only be made to proposed California purchasers based on their meeting certain suitability standards. California investors must meet at least one of the following criteria:

· a $150,000 liquid net worth, (a net worth exclusive of home, home furnishings and automobile), plus estimated $70,000 gross income during the current tax year; or

· a $250,000 liquid net worth and an investment limitation of not more than 10% of the investor's liquid net worth.

If the offering is approved in California on the basis of a limited offering qualification, we will not have to demonstrate compliance with some of the merit regulations of the California Department of Corporations as found in Title 10, California Code of Regulations, Rule 260.140 et seq. In addition, the exemptions for secondary trading in California available under California Corporations Code Section 25104(h) will be withheld, although there may be other exemptions to cover private sales in California of a bona fide owner for his own account without advertising and without being effected by or through a broker dealer in a public offering.

Risks Related to Non-Binding Letter of Intent

There can be no assurance that a definitive agreement will be entered into and even if a definitive agreement is entered into, there can be no assurance that a transaction will be consummated.

On February 3, 2012, we entered into a non-binding letter of intent to acquire all the capital stock of Twelvefold Media, Inc. (“Twelvefold Media”) for shares of our common stock. Twelvefold Media is a privately held company, that creates customized digital media packages with proprietary technology utilizing emotive-based targeting at the page level and real-time bidding. We can offer no assurance that a definitive agreement will be executed on terms acceptable to the parties, or at all. Furthermore, even if a definitive agreement is entered into, all of the conditions to the merger would have to be satisfied or, if permissible, waived. Closing conditions are expected to include a requirement that the combined company have $7 million of net cash on its balance sheet, all or most of which is expected to be raised from this offering, and receipt of third party approvals. Even if a definitive agreement is entered into, we will not know whether the conditions to the closing of the transaction will be satisfied prior to the consummation of this offering and, accordingly, an investor purchasing shares in this offering cannot be assured that the transaction will in fact occur. Consequently, an investor in this offering should make an investment decision taking into consideration the possibility that the transaction will not be consummated.

The issuance of our securities to TwelvefoldMedia securityholders in connection with the transaction will substantially dilute the voting power of our stockholders and investors in this offering.

We expect to issue a significant percentage of our outstanding shares of capital stock to Twelvefold Media security holders as consideration for the acquisition of Twelvefold Media. The issuance of our securities to Twelvefold Media security holders in connection with the transaction will significantly reduce the relative voting power of each share of our common stock held by our current stockholders and of investors in this offering.

Failure to complete or delay in completing the transaction may have an adverse effect on both companies’ businesses due to uncertainty or operating restrictions while the merger is pending or cause the market price of our stock to drop.

The letter of intent entered into with Twelvefold Media is non-binding and is subject to, among other things, the negotiation of a definitive agreement. We cannot predict what the effect on the market price of our shares would be if the merger is not completed, but depending on market conditions at the time, it could result in a decline in market price. A substantial delay in completing the transaction due to the need to meet the net cash contingency or the need to satisfy other conditions to closing the merger, or the imposition of any unfavorable terms, conditions, or restrictions in obtaining a waiver to such conditions or otherwise, could have a material adverse effect on the anticipated benefits of, or increase the costs associated with or delay the cost savings anticipated from, the transaction, thereby impacting our business, prospects, results of operation and financial condition or results of operations after the merger. In addition, the parties may be subject to restrictions on the operation of their business while the merger is pending, which could impair their ability to operate their business and prevent them from pursuing attractive business opportunities that may arise prior to the completion of the transaction. Any of these situations could also result in a decline in the market price of our common stock.

There is limited information about Twelvefold Media that is available and and investors will be required to make an investment decision without the benefit of reviewing financial statements and other information of Twelvefold Media. Based upon limited unaudited information available provided by Twelvefold Media to us, for the year ended nine months ended September 30, 2011, Twelvefold Media realized $8,050,702 in revenues and a net loss of $3,327,301. We believe that Twelvefold Media is a synergistic acquisition that would permit the companies to realize economies of scale and reduce expenditures by consolidating sales efforts. Accordingly, investors in this offering should not place undue reliance upon Twelvefold Media’s information and investors will be required to make an investment decision without the benefit of reviewing financial statements and other information of Twelvefold Media.

We will be subject to business uncertainties and contractual restrictions while the transaction is pending.

Uncertainty about the effect of the merger on our employees and customers or those of Twelvefold Media may have an adverse effect on us both on a pre-transaction and post-transaction basis. These uncertainties may impair our ability and the ability of Twelvefold Media to attract, retain and motivate key personnel until the merger is consummated,

and could cause customers and others that deal with us and Twelvefold Media to seek to change existing business relationships. Retention of certain employees may be challenging during the pendency of the transaction, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with us following the transaction, our business following the transaction could be harmed.

The failure to integrate successfully our business and the business of Twelvefold Media in the expected timeframe could adversely affect the combined company's future results following the completion of the transaction.

The success of the transaction will depend, in large part, on the ability of the combined company following the completion of the transaction to realize the anticipated benefits from combining our business and the business of Twelvefold Media. The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in the combined company's failure to achieve some or all of the anticipated benefits of the transaction. Potential difficulties that may be encountered in the integration process include the following:

- using the combined company's cash and other assets efficiently to develop the business of the combined company;
- appropriately managing the liabilities of the combined company;
- limited experience of management in performing acquisitions and managing growth;
- potential unknown and unforeseen expenses, delays or regulatory conditions associated with the transaction; and
- performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the transaction and integrating the companies' operations.

The transaction will result in changes to our board of directors and the combined company may pursue different strategies that we or Twelvefold Media may have pursued independently.

If the parties complete the transaction, the composition of our board of directors will change in accordance with the merger agreement. Currently, it is anticipated that the combined company will continue to pursue its advertising businesses as currently operated. However, because the composition of the board of directors of the combined company will consist of our directors and directors of Twelvefold Media, the combined company may determine to pursue certain business strategies that neither company would have pursued independently.

CAUTIONARY NOTE REGARDING FORWARD -LOOKING STATEMENTS

Statements in this prospectus may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed in this prospectus, including the risks described under "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus and in other documents which we file with the Securities and Exchange Commission. Factors that might cause such a difference include, but are not limited to, our ability to raise additional funding, our ability to maintain and grow our business, variability of operating results, our ability to maintain and enhance our brand, our expansion and development of new products and services, marketing and other business development initiatives, competition in the industry, general government regulation, economic conditions, dependence on key personnel, the ability to attract, hire and retain personnel who possess the technical skills and experience necessary to meet the service requirements of our clients, our ability to protect our intellectual property, the potential liability with respect to actions taken by our existing and past employees, risks associated with international sales, and other risks described herein and in our other filings with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date on which they are made, and we do

not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this prospectus, except as may be required under applicable securities laws.

USE OF PROCEEDS

Based on an assumed public offering price of $ per share, we estimate that the net proceeds to us from the sale of the shares that we are offering, assuming gross proceeds of $8,000,000, will be approximately $7,800,000, after deducting underwriting discounts and commissions and estimated offering expenses and without giving effect to the over-allotment option.

We intend to utilize the net proceeds of the offering as follows:

Purpose:	Approximate Dollar Amount	Approximate Percentage of Net Proceeds
Repayment of Debt (1)	$ 2,950,000	7.1%
Sales and client relations	1,593,000	37.9%
Marketing	550,000	20.4%
Technology and platform engineering	550,000	10.6%
Potential acquisitions (which may include a transaction resulting from the non-binding letter of intent)	550,000	3.2%
Working capital and general corporate purposes	1,629,000	20.9%

(1) Represents repayment of a senior secured promissory note in the principal amount of $550,000 which, unless earlier converted, exchanged or prepaid, matures on August 2, 2012, subject to extension until February 2, 2013 upon the occurrence of certain circumstances. The note does not accrue interest.

The expected use of net proceeds of this offering represents our intention based on our current plans and business conditions. The amount and timing of our actual expenditures will depend on numerous factors, including increases in development costs and expenses and any unforeseen cash needs. As a result, we will retain broad discretion in the allocation and use of the net proceeds of this offering. We have no current plans, agreements or commitments for any material acquisitions of any technologies, products or businesses.

If we determine to accelerate our business plan or if our plans otherwise change or our assumptions prove inaccurate, we may need to seek financing sooner than currently anticipated, incur additional financing or reduce or curtail our operations. We cannot assure you that financing will become available as and when needed.

If the underwriters exercise their over-allotment option in full, we will realize additional net proceeds of approximately $, which will be added to our working capital.

We will invest proceeds not immediately required for the purposes described above principally in United States government securities, short-term certificates of deposit, money market funds or other short-term interest-bearing investments.

We believe that our cash on hand, together with the net proceeds from this offering (without exercise of the underwriters' over-allotment option) would be adequate to fund operations through December 31, 2012.

CAPITALIZATION

The following table sets forth our capitalization, as of September 30, 2011:

- on an actual basis; and
- on an as adjusted basis to give effect to the issuance and sale of the shares offered by this prospectus.

You should consider this table in conjunction with our financial statements and the notes to those financial statements included elsewhere in this prospectus.

	As of September 30, 2011			
		Actual		As Adjusted for this offering (1)
Warrant liability	$	1,011,399		
Stockholders' equity (deficit):				
Series A convertible preferred stock; $.0001 par value; 240 shares authorized; 230 shares issued and outstanding		—		
Common stock, par value $0.0001 per share; 500,000,000 shares authorized; 38,648,450 shares issued and outstanding as of September 30, 2011		3,865		
Additional paid in capital		16,261,469		
Accumulated deficit		(16,990,788)		
Total stockholders' equity (deficit)		(725,456)		0
Total capitalization	$	285,943	$	

(1) Reflects the estimated net proceeds that we will receive from the sale of shares of common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses.

PRICE RANGE OF COMMON STOCK

Since June 2011, our common stock has been quoted on the OTC Bulletin Board under the symbol "IZEA." Prior to that there was no trading of our common stock. The following table sets forth, for the calendar periods indicated the range of the high and low closing prices reported of our common stock, as reported by the OTC Bulletin Board. The quotations represent inter-dealer prices without retail mark-ups, mark-downs or commissions, and may not necessarily represent actual transactions. The quotations may be rounded for presentation. As of February 13, 2012, the closing price of our common stock was $0.85 per share.

Fiscal year ended December 31, 2011		High		Low
Second quarter	$	3.25	$	2.50
Third quarter	$	3.25	$	1.15
Fourth quarter	$	1.41	$	0.55

Fiscal year ending December 31, 2012		High		Low
First quarter (through February 13, 2012)	$	0.85	$	0.60

As of February 13, 2012, we had approximately 43 shareholders of record of our common stock. This number does not include beneficial owners whose shares are held in the names of various securities brokers, dealers and registered clearing agencies.

Dividend Policy

We have never declared or paid cash dividends on our common stock, and we do not intend to pay any cash dividends on our common stock in the foreseeable future. Rather, we expect to retain future earnings (if any) to fund the operation and expansion of our business and for general corporate purposes.

DILUTION

Our pro forma net tangible book value as of September 30, 2011 was $(747,439) or $(0.19) per share of common stock, based upon 38,648,450 shares outstanding as of that date. Net tangible book value per share is determined by dividing such number of outstanding shares of common stock, , into our net tangible book value, which is our total tangible assets less total liabilities. After giving effect to the sale of the shares in this offering at the assumed public offering price of $ per share, at September 30, 2011, after deducting underwriting discounts and commissions and other estimated offering expenses payable by us, our pro forma as adjusted net tangible book value at September 30, 2011 would have been approximately , or $ per share. This represents an immediate increase in net tangible book value of approximately $ per share to our existing stockholders, and an immediate dilution of $ per share to investors purchasing shares in the offering.

The following table illustrates the per share dilution to investors purchasing shares in the offering:

Assumed public offering price per share	$
Pro forma net tangible book value per share as of September 30, 2011	$
Increase per share attributable to sale of shares to investors	$
Pro forma as adjusted net tangible book value per share after the offering	$
Dilution per share to investors	$

The foregoing illustration does not reflect potential dilution from the conversion of our outstanding convertible series A preferred stock or the exercise of outstanding stock options or warrants to purchase an aggregate of 17,765,251 shares of our common stock or 718,954 shares of common stock that may become issuable upon the conversion of a senior secured promissory note in the principal amount of $550,000, assuming a conversion price of $0.765. The foregoing illustration also does not reflect the dilution that would result from the exercise of the underwriters' warrants.

Of the approximately 38,648,450 shares of our common stock outstanding as of February 13, 2012, approximately 12,500,000 shares are freely tradable without restriction as of that date. At varying dates between May and August 2012, 11,090,899 shares of common stock (including shares issuable upon conversion of series A preferred stock) that had been issued in unregistered private placements are expected to become tradable pursuant to Rule 144. As of

February 13, 2012, we have 10,825,561 shares of common stock issuable upon exercise of options and warrants and 718,954 shares of common stock that may become issuable upon the conversion of a senior secured promissory note in the principal amount of $550,000, assuming a conversion price of $0.765 per share.

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

General

The following discussion and analysis is provided to increase the understanding of, and should be read in conjunction with, our unaudited consolidated financial statements and related notes included elsewhere in this prospectus. Historical results and percentage relationships among any amounts in these financial statements are not necessarily indicative of trends in operating results for any future period. This prospectus contains "forward-looking statements". The statements, which are not historical facts contained in this prospectus, including this Management's Discussion and Analysis of Financial Condition and Results of Operation, and notes to our unaudited consolidated financial statements, particularly those that utilize terminology such as "may" "will," "should," "expects," "anticipates," "estimates," "believes," or "plans" or comparable terminology are forward-looking statements. Such statements are based on currently available operating, financial and competitive information, and are subject to various risks and uncertainties. Future events and our actual results may differ materially from the results reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, our ability to raise additional funding, our ability to maintain and grow our business, variability of operating results, our ability to maintain and enhance our brand, our expansion and development of new products and services, marketing and other business development initiatives, competition in the industry, general government regulation, economic conditions, dependence on key personnel, the ability to attract, hire and retain personnel who possess the technical skills and experience necessary to meet the service requirements of our clients, our ability to protect our intellectual property, the potential liability with respect to actions taken by our existing and past employees, risks associated with international sales, and other risks described herein and in our other filings with the Securities and Exchange Commission.

The safe harbor for forward-looking statements provided by Section 21E of the Securities Exchange Act of 1934 excludes issuers of "penny stock" (as defined under Rule 3a51-1 of the Securities Exchange Act of 1934). Our common stock currently falls within that definition.

All forward-looking statements in this document are based on information currently available to us as of the date of this prospectus, and we assume no obligation to update any forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Company History

IZEA, Inc. (the "Company" "we" or "us") was incorporated as a Nevada corporation on March 22, 2010 for the purpose of entering the business of making loans which are fully secured by a first lien on a customer's automobile. On May 11, 2011, we filed an amendment to our Articles of Incorporation in order to change our name from "Rapid Holdings, Inc." to "IZEA Holdings, Inc." and on November 23, 2011 we filed Amended and Restated Articles of Incorporation to further change our name from "IZEA Holdings, Inc." to "IZEA, Inc." On May 11, 2011, our board of directors declared a dividend of an additional 14.28117 shares of common stock on each share of our common stock outstanding on May 11, 2011 with a payment date of May 23, 2011.

On May 12, 2011, we entered into a Share Exchange Agreement (the "Exchange Agreement") with IZEA, Inc., a privately held Delaware corporation ("IZEA") and the shareholders of IZEA. Upon closing of the transaction contemplated under the Exchange Agreement, on May 12, 2011, the shareholders of IZEA transferred all of the issued and outstanding capital stock of IZEA to us in exchange for shares of our common stock. Such exchange caused IZEA to become our wholly-owned subsidiary. Immediately following the closing of the exchange, under an Agreement of

Conveyance, Transfer and Assignment of Assets and Assumption of Obligations, the Company transferred all of its pre-exchange assets and liabilities to a wholly-owned subsidiary, RTL Holdings, Inc. (“SplitCo”) and thereafter, pursuant to a stock purchase agreement, transferred all of the outstanding capital stock of SplitCo to Anthony Barron, our former officer and director, in exchange for the cancellation of shares of our common stock he owned. Upon closing of the exchange, the business of IZEA became our business.

IZEA, Inc. was incorporated in the state of Florida in February 2006 and reincorporated in the state of Delaware in September 2006.

Company Overview

We are a leader in social media sponsorships ("SMS"), a rapidly growing segment within social media that connects social media publishers with advertisers. We accomplish this through our five online marketplaces: SocialSpark, SponsoredTweets, WeReward, PayPerPost and InPostLinks . Our customers include a wide range of small and large businesses, including Fortune 500 companies, as well as advertising agencies. We generate our revenue through the sale of social media sponsorships to our customers. We fulfill these sponsorships through our marketplace platforms connecting social media publishers such as bloggers, tweeters and mobile application users.

Non-Binding Letter of Intent

On February 3, 2012, we entered into a non-binding letter of intent with respect to the proposed acquisition of all the capital stock of Twelvefold Media, Inc. (“Twelvefold Media”) for shares of our common stock. Twelvefold Media is a privately held company that creates customized digital media packages with proprietary technology utilizing emotive-based targeting at the page level and real-time bidding.

Based upon limited unaudited information available provided by Twelvefold Media to us, for the nine months ended September 30, 2011, Twelvefold Media realized approximately $8,050,700 in revenues and a net loss of approximately $3,327,300. We believe that Twelvefold Media is a synergistic acquisition that would permit the companies to realize economies of scale and reduce expenditures by consolidating sales efforts. Investors in this offering should not place undue reliance upon Twelvefold Media’s information and investors will be required to make an investment decision without the benefit of reviewing audited financial statements and other information of Twelvefold Media.

Consummation of the transaction is subject to certain conditions which are outside our control, including the negotiation and execution of a definitive agreement and the combined company having $7 million of net cash on its balance sheet at closing, all or most of which cash is to be raised in this offering. We cannot guarantee that a definitive agreement will be executed on the terms set forth in the letter of intent or otherwise on terms acceptable to the parties, or at all, or that there will be sufficient cash to meet the net cash condition above. If the parties enter into a definitive agreement, such agreement will be subject to a number of closing conditions, in addition to the net cash condition, such as third party consents and approvals. Thus, even if a definitive agreement is signed, we cannot guarantee that the transaction contemplated by such agreement will ever be completed. Finally, if the transaction contemplated by such agreement is completed, the expected benefits from the transaction and the resulting changes to our business plan may not be fully realized, or may take longer to realize than expected. For more information about possible risks of this transaction, see “Risks Factors – Risks Related to Non-Binding Letter of Intent.”

Results of Operations for Nine Months Ended September 30, 2011 Compared to September 30, 2010

	Nine Months Ended September 30,			
	2011	2010	$ Change	% Change
Revenue	$ 2,821,354	$ 2,249,891	$ 571,463	25.4%
Cost of sales	1,306,463	1,192,043	114,420	9.6%
Gross profit	1,514,891	1,057,848	457,043	43.2%
Operating expenses:				
General and administrative	3,883,887	2,570,601	1,313,286	51.1%
Sales and marketing	526,112	404,272	121,840	30.1%
Total operating expenses	4,409,999	2,974,873	1,435,126	48.2%
Loss from operations	(2,895,108)	(1,917,025)	(978,083)	51.0%
Other income (expense):				
Interest expense, net	(17,060)	(60,654)	43,594	(71.9)%
Change in fair value of warrant liability	73,571	—	73,571	—%
Other income (expense), net	—	(276)	276	(100.0)%
Total other income (expense)	56,511	(60,930)	117,441	(192.7)%
Net loss	$ (2,838,597)	$ (1,977,955)	$ (860,642)	43.5%

Revenues

We derive revenue from two sources: revenue from an advertiser for the use of our network of social media publishers to fulfill an advertiser's sponsor request for a blog post, tweet, click, purchase, or action (our "Sponsored Revenue") and revenue derived from various service fees charged to advertisers for management, maintenance and enhancement of their accounts, and to publishers for maintenance and enhancement of their accounts ("Service Fee Revenue").

Revenues for the nine months ended September 30, 2011 increased by $571,463, or 25.4%, compared to the same period in 2010. The increase was attributable to an approximately $51,000 increase in our Sponsored Revenue and a $520,000 increase in Service Fee Revenue. In the nine months ended September 30, 2011, Sponsored Revenue was 81% and Service Fee Revenue was 19% of total revenue compared to Sponsored Revenue of 99% and Service Fee Revenue of 1% in the nine months ended September 30, 2010. The increase in Sponsored Revenue was primarily attributable to increased sales from our expanded sales force and growth in our three core social media platforms, Social Spark, SponsoredTweets and WeReward . These products accounted for 65% of our revenue in the nine months ended September 30, 2011 compared to 48% of our revenue in the same period in 2010. The increase in Service Fee Revenue is primarily due to the growth in our managed customer base on which we receive management fee revenue and additional account maintenance fees received from advertisers and publishers. We expect that these fees will continue to increase over prior period levels as we continue to focus our sales efforts on our three core social media marketing platforms.

Cost of Sales and Gross Profit

Our cost of sales comprise primarily of amounts paid to our social media publishers for fulfilling an advertiser's sponsor request for a blog post, tweet, click, purchase, or action.

Cost of sales for the nine months ended September 30, 2011 increased by $114,420, or 9.6%, compared to the same period in 2010. Cost of sales increased as a direct result of the increase in our Sponsored Revenue and higher publisher costs to generate such revenue. Publisher costs typically range from 50% to 80% of the advertising

campaign depending on the type of publisher used in the campaign. Celebrity publishers typically used in our SponsoredTweets marketplace cost more than our average publisher cost of 50% in other marketplaces.

Gross profit for the nine months ended September 30, 2011 increased by $457,043, or 43.2%, compared to the same period in 2010. Our gross margin increased to 54% for the nine months ended September 30, 2011 as compared to 47% for the same period in 2010. The gross margin increase was primarily attributable to the substantial increase in service fees received from advertisers and publishers that have minimal costs associated with the revenue.

Operating Expenses

Operating expenses consist of general and administrative, and sales and marketing expenses. Total operating expenses for the nine months ended September 30, 2011 increased by $1,435,126, or 48.2%, compared to the same period in 2010. The increase was primarily attributable to increased payroll and operating expenses, costs of being a public company and increases in sales and marketing expenses.

General and administrative expenses consist primarily of payroll, general operating costs, public company costs, facilities costs, insurance, depreciation, professional fees, and investor relations fees. General and administrative expenses for the nine months ended September 30, 2011 increased by $1,313,286 or 51.1%, compared to the same period in 2010. The increase was primarily attributable to a $392,000 increase in payroll and related benefit expenses, a $156,000 increase in professional fees and reporting costs as a result the financing transactions and costs of being a public company in 2011, and investor relations costs of $677,500. We paid $1,190,000 and issued 500,000 shares of common stock valued at $165,000 in August 2011 for investor relation services, that included an investor marketing campaign, of which $677,500 was expensed in September 2011 and the remaining $677,500 will be expensed in the fourth quarter of 2011. The investor relations costs are being expensed in the third and fourth quarters of 2011 because the services rendered take place during such periods. We expect that professional fees will continue to increase over prior levels as we continue to work on financing transactions and expand our reporting and investor relations efforts as a public company.

Sales and marketing expenses consist primarily of compensation for sales and marketing and related support resources, sales commissions and trade show expenses. Sales and marketing expenses for the nine months ended September 30, 2011 increased by $121,840 or 30.1%, compared to the same period in 2010. The increase was also attributable to marketing of our increased focus on our SocialSpark, SponsoredTweets and WeReward platforms .

Other Income (Expense)

Other income (expense) consists primarily of interest expense and the change in the fair value of warrant liability.

Interest expense during the nine months ended September 30, 2011 decreased by $43,594 compared to the same period in 2010 as a result of the conversion of $1,444,800 of related party notes payable in May 2010 and principal payments made on our note payable to the bank.

We recognized other income for a change in fair value of our warrant liability of $73,571 during the nine months ended September 30, 2011 related to warrants issued in connection with a financing arrangement as further discussed below.

Net Loss

Net loss for the nine months ended September 30, 2011was $2,838,597 which increased from the net loss of $1,977,955 for the same period in 2010, As discussed above, although gross profit increased over the prior quarter due to increased revenue and interest expense declined as a result of the conversion of debt in 2010, this was exceeded by an increase in operating expenses attributable to increased headcount, public company and investor relations costs, and other sales and marketing expenses.

Results of Operations for Twelve Months Ended December 31, 2010 Compared to December 31, 2009

	Twelve Months Ended December 31,
	2010