PENTON MEDIA INC
Form 4
February 11, 2005

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
DENNY DARRELL C

(Last) (First) (Middle)

PENTON MEDIA, INC., 1300 EAST 9TH STREET

(Street)

CLEVELAND, OH 44114

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
PENTON MEDIA INC [PTON]

3. Date of Earliest Transaction (Month/Day/Year)
02/10/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President, Lifestyle, IT Media

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $0.01 per share	02/10/2005		M		25,000	A	$ 0.1	82,203	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Pri Deriv Secur (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option - Right to Buy [(1)]	$ 6.89							11/16/2004	11/16/2011	Common Stock	25,000	
Stock Option - Right to Buy [(1)]	$ 24.1							02/06/2004	02/06/2011	Common Stock	10,000	
Stock Option - Right to Buy [(1)]	$ 22.9375							02/01/2003	02/01/2010	Common Stock	20,000	
Stock Option - Right to Buy [(1)] [(2)]	$ 0.37							02/24/2006	02/24/2013	Common Stock	25,000	
Stock Option - Right to Buy [(1)] [(2)]	$ 0.9							02/03/2007	02/03/2014	Common Stock	25,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DENNY DARRELL C PENTON MEDIA, INC. 1300 EAST 9TH STREET CLEVELAND, OH 44114			President, Lifestyle, IT Media	

Signatures

Darrell C. Denny 02/10/2005

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Vested shares cannot be voted or transferred until distribution of certificate therefore upon full vesting of award or earlier termination of employment.

(2) Scheduled to vest 1/3 per year on anniversary of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ne-height:120%;font-size:8pt;">Table of Contents

SELLING STOCKHOLDERS

A total of up to 27,565,517 shares may be offered by certain stockholders who participated in our private placement and loan consideration from August through September 2013 or who obtained restricted shares of common stock for services. The number of shares the selling stockholders may sell consists of 9,141,545 shares of common stock that are currently issued and outstanding and 18,423,972 shares of common stock that they may receive if they exercise their warrants.
The 27,565,517 shares in this registration statement represent approximately 36% of our total outstanding common stock (assuming full exercise of the warrant shares).

The shares in this registration statement were received as part of the following transactions:
2013 Private Placement

From August 15, 2013 through September 23, 2013, we raised $2,182,500 in cash through the sale of 8,730,000 shares of our common stock at a price of $0.25 per share in a private placement of our shares (the "2013 Private Placement"). Additionally, we converted notes payable and accrued interest thereon totaling $1,376,618 into 5,506,472 shares of our common stock at an effective price of $0.25 per share. We also issued fully-exercisable, five-year warrants to purchase 7,118,236 shares of our common stock at an exercise price of $0.25 per share and fully-exercisable, five-year warrants to purchase 7,118,236 shares of our common stock at an exercise price of $0.50 per share. Pursuant to the terms of the Securities Purchase Agreements issued in the 2013 Private Placement, we filed a registration statement on Form S-1 (No. 333-191743)with the SEC on October 16, 2013, for purposes of registering the resale of 8,730,000 shares of common stock and 174,732 shares of common stock underlying the warrants. The registration statement was declared effective by the SEC on November 8, 2013. We later filed a registration statement on Form S-1 (No. 333-197482) with the SEC on July 17, 2014, for purposes of registering the resale of all of the remaining 14,061,740 shares underlying the warrants that were sold in the 2013 Private Placement. This registration statement was declared effective by the SEC on July 29, 2014.

2013 Loans

On April 11, 2013 and May 22, 2013, we entered into unsecured loan agreements with Brian W. Brady, a director of our company. Pursuant to these agreements, we received short-term loans totaling $750,000 due on May 31, 2013. The notes bear interest at 7% per annum with a default rate of interest at 12% based on a 360-day year. On May 31, 2013,we signed an extension and conversion agreement that extended the maturity date to August 31, 2013. Additionally, we agreed to allow these notes and all accrued interest thereon to be converted into equity upon closing

of the next private placement on the same terms and conditions that will be applicable to other investors in the private placement. In consideration for the extension and conversion agreement, we issued Mr. Brady a warrant to purchase 1,000,000 shares of our common stock at $0.25 per share for a period of five years. We also agreed that upon the first closing of our next private placement, we would issue Mr. Brady an additional warrant to purchase 3,187,500 shares of our common stock at $0.25 per share for a period of five years and 1,687,500 shares of restricted stock for future issuance upon the earlier of two years from the first closing or completion of a transaction resulting in a change of control of our company.

The registration statement on Form S-1 (No. 333-197482) filed with the SEC on July 17, 2014 covers Mr. Brady's warrants received during the 2013 Private Placement along with the 4,187,500 warrants received as part of the loan agreements described above.

Other Restricted Stock Issuance

On September 30, 2013, we entered into an agreement pursuant to which we issued 823,090 shares of restricted common stock, at an effective price of $0.35 per share, to settle a $288,081 balance owed for legal services to Greenberg Traurig LLP. Under the terms of the agreement, we agreed to register these shares upon filing of our next registration statement. Due to the large number of securities that were requested for registration, we only registered 411,545 of these shares on the registration statement on Form S-1 (No. 333-191743) filed with the SEC on October 16, 2013.

52

Table of Contents

Selling Stockholder Table

The table below sets forth:

- the name of the selling stockholders,
- the original number of shares of common stock beneficially owned by the selling stockholders or as of April 17, 2015 , if such holder is a current named beneficial owner,
- the maximum number of shares of common stock that may be sold or disposed of by the selling stockholders under this prospectus,
- the maximum number of shares of common stock that may be sold or disposed of by the selling stockholders under Post-Effective Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-195081) of IZEA, Inc. filed on April 30, 2015,
- the number of shares of common stock that would be owned by the selling stockholders after completion of the offering, assuming the sale of all of the common stock covered by this prospectus, and
- the percentage of common stock beneficially owned by the selling stockholders after the offering based on 57,697,666 shares of common stock outstanding on April 17, 2015 plus any common stock issuable to the selling stockholder upon exercise of stock options and warrants that are currently exercisable or exercisable within 60 days after the date of this prospectus.

No material relationships exist between any of the selling stockholders and us, nor have any such material relationships existed within the past three years, except as disclosed regarding Brian W. Brady under the section "Certain Relationships and Related Transactions and Director Independence" above. Except for Ramnarain Jaigobind and Jonathan Gazdak, none of the selling stockholders are members of the Financial Industry Regulatory Authority (FINRA), or affiliates of such members.
Except for Brian W. Brady and John H. Caron, current directors, none of the selling stockholders are members of management, insiders or affiliates of our company. All information with respect to share ownership has been furnished by the selling stockholders. The shares being offered are being registered to permit public secondary trading of such shares and each selling stockholder may offer all or part of the shares it owns for resale from time to time pursuant to this prospectus. None of the selling stockholders has any family relationships with our officers, directors or controlling stockholders. Based on representations made to us by the selling stockholders, except as noted in the footnotes to the table below, no selling stockholder is a registered broker-dealer or an affiliate of a broker-dealer. Additionally, any selling stockholder that is a broker-dealer or an affiliate of a broker-dealer purchased their shares in the ordinary course of business, and at the time of the purchase of the shares being offered, such selling stockholders had no agreements or understandings, directly or indirectly, with any person to distribute the shares being offered in this registration statement.

The term “selling stockholders” also includes any pledgees, donees, transferees or other successors in interest to the selling stockholders named in the table below. Unless otherwise indicated, to our knowledge, each person named in the table below has voting power and investment power (subject to applicable community property laws) with respect to the shares of common stock set forth opposite such person’s name. We will file a supplement to this prospectus (or a post-effective amendment hereto, if necessary) to name successors to any named selling stockholders who are able to use this prospectus to resell the securities registered hereby.

Any selling stockholders who are affiliates of broker-dealers and any participating broker-dealers may be deemed to be “underwriters” within the meaning of the Securities Act, and any commissions or discounts given to any such selling stockholder or broker-dealer may be regarded as underwriting commissions or discounts under the Securities Act. The selling stockholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute their common stock in violation of the Securities Act.

Beneficial ownership is determined under the rules of the SEC. The number of shares beneficially owned by a person includes shares of common stock underlying warrants, stock options and other derivative securities to acquire our

common stock held by that person that are currently exercisable or convertible within 60 days after April 17, 2015. The shares issuable under these securities are treated as outstanding for computing the percentage ownership of the person holding these securities, but are not treated as outstanding for the purposes of computing the percentage ownership of any other person.

53

Table of Contents

Selling Stockholder	Number of Shares Beneficially Owned		Maximum Number to be Sold under the 2013 Private Placement Registration	Maximum Number to be Sold under the 2014 Private Placement Registration (23)	Number of Shares Beneficially Owned after the Offering	Percentage of Common Stock Beneficially Owned after the Offering (1)	
Brian W. Brady	17,965,836	(1)	9,344,508	1,428,572	7,192,756	10.3	%
Perry A. Sook	5,000,000	(2)	4,000,000	1,000,000	—	—	%
John Pappajohn	4,057,144	(3)	2,000,000	2,057,144	—	—	%
William M. Smith Revocable Trust	3,886,000	(4)	1,600,000	2,286,000	—	—	%
Midsummer Small Cap Master, Ltd	3,600,000	(5)	1,600,000	2,000,000	—	—	%
Andrew Mark Gomer	1,371,428	(6)	800,000	571,428	—	—	%
Brian A. Bradley Revocable Trust	1,371,428	(7)	800,000	571,428	—	—	%
David R. Bradley Revocable Trust	1,371,428	(8)	800,000	571,428	—	—	%
Eric A. Bradley Revocable Trust	1,371,428	(9)	800,000	571,428	—	—	%
Fred L Levy	1,085,716	(10)	800,000	285,716	—	—	%
Plough Penny Partners LP	971,428	(11)	400,000	571,428	—	—	%
Incandela Investment Group LLC	800,000	(12)	800,000	—	—	—	%
John H. Caron 1999 Family Trust	427,083	(13)	400,000	—	27,083	—	%
James and Maureen Watts	400,000	(14)	400,000	—	—	—	%
Bruce Fox	400,000	(14)	400,000	—	—	—	%
Ramnarain Jaigobind	473,696	(15)	400,000	—	73,696	0.1	%
Michael J. Riddle, Jr.	280,000	(16)	280,000	—	—	—	%
Doug Fries	200,000	(17)	200,000	—	—	—	%
Richard Golden	200,000	(17)	200,000	—	—	—	%
Mark and Janet Behrendt	200,000	(17)	200,000	—	—	—	%
Richard Molinsky	200,000	(17)	200,000	—	—	—	%
Jonathan Gazdak	200,000	(18)	200,000	—	—	—	%
Steven Farber	100,000	(19)	100,000	—	—	—	%
Michael Brauser	174,732	(20)	174,732	—	—	—	%
Barry Honig	174,732	(20)	174,732	—	—	—	%
Timothy Bush	80,000	(21)	80,000	—	—	—	%
Greenberg Traurig, LLP	823,090	(22)	411,545	—	411,545	0.7	%
Additional Stockholders	56,656,884	(23)	—	56,656,884	—	—	%
			27,565,517	68,571,456			

---

(1) Mr. Brady's share ownership includes 6,167,211 shares, 1,706,596 vested shares of restricted common stock, exercisable warrants to purchase 10,058,794 shares of common stock, exercisable stock options to purchase 20,735 shares of common stock under our May 2011 Equity Incentive Plan and exercisable stock options to purchase 12,500 shares of common stock under our August 2011 Equity Incentive Plan.

(2) Mr. Sook's share ownership includes 2,500,000 shares and warrants to purchase 2,500,000 shares (of which 2,000,000 shares and 2,000,000 warrants were acquired in the 2013 Private Placement). The address for Perry A. Sook is 545 E. John Carpenter Freeway, Suite 700, Irving, TX 75062.

(3) Mr. Pappajohn's share ownership includes 2,028,572 shares and warrants to purchase 2,028,572 shares (of which 1,000,000 shares and warrants to purchase 1,000,000 shares were acquired in the February 2014 Private

Placement). The address for John Pappajohn is 666 Walnut Street, Suite 2116, Des Moines, IA 50309.

(4) William M. Smith Revocable Trust is the registered holder of 1,943,000 shares and warrants to purchase 1,943,000 shares (of which 800,000 shares and warrants to purchase 800,000 shares were acquired in the 2013 Private Placement). William M. Smith, as the trustee of the William M. Smith Revocable Trust, is deemed to be the beneficial

54

Table of Contents

owner of these shares and warrants and has voting and disposition power of the shares and warrants owned by the trust offered under this prospectus. The address for the William M. Smith Revocable Trust is 155 Middle Plantation Lane, Suite 1301, Gulf Breeze, FL 32561.

(5) Midsummer Small Cap Master, Ltd is the registered holder of 1,800,000 shares and warrants to purchase 1,800,000 shares (of which 800,000 shares and warrants to purchase 800,000 shares were acquired in the 2013 Private Placement). Midsummer Capital, LLC is the investment manager of Midsummer Small Cap Master, Ltd. As members of Midsummer Capital, LLC, Joshua Thomas and Alan Benaim have voting and disposition authority over the shares and warrants owned by Midsummer Small Cap Master, Ltd offered under this prospectus. The address for Midsummer Small Cap Master, Ltd is c/o Midsummer Capital, LLC, 733 Third Avenue, 19th Floor, New York, NY 10017.

(6) Mr. Gomer's share ownership reflects 685,714 shares and warrants to purchase 685,714 shares (of which 400,000 shares and warrants to purchase 400,000 shares were acquired in the 2013 Private Placement).

(7) Brian A. Bradley Revocable Trust is the registered holder of 685,714 shares and warrants to purchase 685,714 shares (of which 400,000 shares and warrants to purchase 400,000 shares were acquired in the 2013 Private Placement). Brian Bradley, as trustee of the Brian A. Bradley Revocable Trust, is deemed to be the beneficial owner of these shares and warrants and has sole voting and disposition power of the shares and warrants owned by the trust offered under this prospectus.

(8) David R. Bradley Revocable Trust is the registered holder of 685,714 shares and warrants to purchase 685,714 shares (of which 400,000 shares and warrants to purchase 400,000 shares were acquired in the 2013 Private Placement). David Bradley, as trustee of the David R. Bradley Revocable Trust, is deemed to be the beneficial owner of these shares and warrants and has sole voting and disposition power of the shares and warrants owned by the trust offered under this prospectus.

(9) Eric A. Bradley Revocable Trust is the registered holder of 685,714 shares and warrants to purchase 685,714 shares (of which 400,000 shares and warrants to purchase 400,000 shares were acquired in the 2013 Private Placement). Eric Bradley, as trustee of the Eric A. Bradley Revocable Trust, is deemed to be the beneficial owner of these shares and warrants and has sole voting and disposition power of the shares and warrants owned by the trust offered under this prospectus.

(10) Mr. Levy's share ownership includes 544,158 shares and warrants to purchase 542,858 shares (of which 400,000 shares and warrants to purchase 400,000 shares were acquired in the 2013 Private Placement).

(11) Plough Penny Partners LP is the registered holder of 485,714 shares and warrants to purchase 485,714 shares (of which 200,000 shares and warrants to purchase 200,000 shares were acquired in the 2013 Private Placement). Judson Traphagen, as General Partner of Plough Penny Partners LP, has voting and disposition power of the shares and warrants owned by Plough Penny Partners LP offered under this prospectus.

(12) Includes 400,000 shares underlying warrants to purchase common stock. Richard S. Incandela, Managing Member of Incandela Investment Group LLC, has voting power and investment power over securities held by Incandela Investment Group LLC.

(13) Includes 200,000 shares, exercisable warrants to purchase 200,000 shares of common stock and exercisable stock options to purchase 27,083 shares of common stock under our May 2011 Equity Incentive Plan. The shares and warrants are held by the John H. Caron 1999 Family Trust. John H. Caron, as trustee, has voting power and investment power over these securities.

(14) Includes 200,000 shares underlying warrants to purchase common stock.

(15) Includes 208,558 shares underlying warrants to purchase common stock (of which 200,000 warrants to purchase shares were acquired in the 2013 Private Placement). Mr. Jaigobind is the Head of Global Equity Capital Markets of Aegis Capital Corp., a registered broker-dealer. Aegis Capital Corp. did not participate in the transactions described in this section.

(16) Includes 140,000 shares underlying warrants to purchase common stock.

(17) Includes 100,000 shares underlying warrants to purchase common stock.

(18) Includes 100,000 shares underlying warrants to purchase common stock. Mr. Gazdak is a Managing Director in Investment Banking of Alexander Capital LP, a registered broker-dealer. Alexander Capital LP did not participate

in the transactions described in this section.

(19) Includes 50,000 shares underlying warrants to purchase common stock.

55

Table of Contents

(20) Includes 174,732 shares underlying warrants to purchase common stock acquired upon the conversion of promissory notes.

(21) Includes 40,000 shares underlying warrants to purchase common stock.

(22) These shares were acquired in settlement of legal services. Richard A. Rosenbaum, Chief Executive Officer of Greenberg Traurig, LLP, has voting power and investment power over securities held by that firm.

(23) The Company also filed Post-Effective Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-195081) (the “Registration Statement”) of IZEA, Inc. on April 30, 2015. This Registration Statement includes a prospectus relating to the securities issued in our 2014 private placement. The shares being registered pursuant to the Registration Statement consist of 34,285,728 shares of common stock that are currently issued and outstanding and 34,285,728 shares of common stock that the selling stockholders may receive if they exercise their warrants for a total of 68,571,456 shares of common stock of IZEA, Inc. Some of the selling stockholders listed in that prospectus are also included as selling stockholders in this prospectus due to their investment in our 2013 private placement. This column details the shares registered in the second prospectus according to the selling stockholders within this prospectus. The remaining 56,656,884 shares registered for selling stockholders not related to this prospectus are combined as "Additional Stockholders" herein. See File No. 333-195081 for more detail on these stockholders.

56

Table of Contents

PLAN OF DISTRIBUTION

The sale of shares of common stock by the selling stockholders or their respective heirs, successors, assigns, donees or other successors-in-interest may be effected from time to time in transactions (which may include block transactions by or for the account of the selling stockholders or such persons) on the over-the-counter market or wherever the shares are then traded or quoted, including ordinary brokers' transactions, in privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals. Sales may be made at fixed prices which may be changed, at market prices prevailing at the time of sale, or at negotiated prices.

Selling stockholders or such persons may effect such transactions by selling their shares underlying private financings notes and warrants directly to purchasers, through broker-dealers acting as agents for the selling stockholders or to broker-dealers who may purchase such shares as principals and thereafter sell the shares from time to time in the over-the-counter market or wherever the shares are then traded or quoted, in negotiated transactions or otherwise in any single transaction or series of related transactions permitted by law, rule or regulation. Such broker-dealers, if any, may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers for whom such broker-dealers may act as agents or to whom they may sell as principals or otherwise (which compensation as to a particular broker-dealer may exceed customary commissions). The maximum compensation to be received by any FINRA member or independent broker-dealer will not be greater than 8% for the sale of any securities set forth in the selling stockholder table contained within this prospectus.

We are required to pay all fees and expenses incident to the registration of the shares registered hereunder. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act of 1933, as amended. To the extent required, we will amend or supplement this prospectus to disclose material arrangements regarding the plan of distribution. To comply with the securities laws of certain jurisdictions, registered or licensed brokers or dealers may need to offer or sell the shares offered by this prospectus.

The applicable rules and regulations under the Securities Exchange Act of 1934, as amended, may limit any person engaged in a distribution of the shares of common stock covered by this prospectus in its ability to engage in market activities with respect to such shares. The selling stockholders, for example, will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations under it, which provisions may limit the timing of purchases and sales of any shares of common stock by the selling stockholders.

The selling stockholders and broker-dealers, if any, acting in connection with such sales might be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act.

Table of Contents

DESCRIPTION OF SECURITIES

Authorized Capital Stock

We have 210,000,000 authorized shares of capital stock, par value $0.0001 per share, of which 200,000,000 shares are common stock and 10,000,000 shares are "blank-check" preferred stock.

Capital Stock Issued and Outstanding

We have the following issued and outstanding securities as of April 17, 2015:

- 57,697,666 shares of common stock;
- 1,769,788 vested, yet unissued, shares of restricted common stock;
- warrants to purchase an aggregate of 54,042,749 shares of common stock; and
- stock options to purchase an aggregate of 14,197,378 shares of common stock.

Common Stock

The holders of our common stock have equal ratable rights to dividends from funds legally available if and when declared by our Board of Directors and are entitled to share ratably in all of our assets available for distribution to holders of common stock upon liquidation, dissolution or winding up of our affairs. Our common stock does not provide the right to a preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions or rights. Our common stockholders are entitled to one non-cumulative vote per share on all matters on which shareholders may vote, meaning that shareholders may not give more than one vote per share to any single nominee for election to our Board of Directors.

We refer you to our Articles of Incorporation, Bylaws and the applicable statutes of the state of Nevada for a more complete description of the rights and liabilities of holders of our securities.

Preferred Stock

Our Articles of Incorporation authorize the issuance of up to 10,000,000 shares of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our Board of Directors. We do not currently have any outstanding shares of preferred stock.

Transfer Agent

The transfer agent and registrar for our common stock is Island Stock Transfer, Clearwater, Florida.

Anti-Takeover Provisions

The provisions of Nevada law and our bylaws may have the effect of delaying, deferring or preventing another party from acquiring control of the company. These provisions may discourage and prevent coercive takeover practices and inadequate takeover bids.

Nevada Law

Nevada law contains a provision governing "acquisition of controlling interest." This law provides generally that any person or entity that acquires 20% or more of the outstanding voting shares of a publicly-held Nevada corporation in the secondary public or private market may be denied voting rights with respect to the acquired shares, unless a majority of the disinterested shareholders of the corporation elects to restore such voting rights in whole or in part.

The control share acquisition act provides that a person or entity acquires "control shares" whenever it acquires shares that, but for the operation of the control share acquisition act, would bring its voting power within any of the following three ranges: 20 to 33-1/3%; 33-1/3 to 50%; or more than 50%.

A "control share acquisition" is generally defined as the direct or indirect acquisition of either ownership or voting power associated with issued and outstanding control shares. The shareholders or Board of Directors of a corporation may elect to exempt the stock of the corporation from the provisions of the control share acquisition act through adoption of a provision to that effect in the articles of incorporation or bylaws of the corporation. Our articles of incorporation and bylaws do not exempt our common stock from the control share acquisition act.

58

Table of Contents

The control share acquisition act is applicable only to shares of “Issuing Corporations” as defined by the Nevada law. An Issuing Corporation is a Nevada corporation which (i) has 200 or more shareholders, with at least 100 of such shareholders being both shareholders of record and residents of Nevada, and (ii) does business in Nevada directly or through an affiliated corporation.

At this time, we do not believe we have 100 shareholders of record resident of Nevada and we do not conduct business in Nevada directly. Therefore, the provisions of the control share acquisition act are believed not to apply to acquisitions of our shares and will not until such time as these requirements have been met. At such time as they may apply, the provisions of the control share acquisition act may discourage companies or persons interested in acquiring a significant interest in or control of us, regardless of whether such acquisition may be in the interest of our shareholders.

The Nevada “Combination with Interested Stockholders Statute” may also have an effect of delaying or making it more difficult to effect a change in control of us. This statute prevents an “interested stockholder” and a resident domestic Nevada corporation from entering into a “combination,” unless certain conditions are met. The statute defines “combination” to include any merger or consolidation with an “interested stockholder,” or any sale, lease, exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions with an “interested stockholder” having (i) an aggregate market value equal to 5% or more of the aggregate market value of the assets of the corporation, (ii) an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation, or (iii) representing 10% or more of the earning power or net income of the corporation.

An “interested stockholder” means the beneficial owner of 10% or more of the voting shares of a resident domestic corporation, or an affiliate or associate thereof. A corporation affected by the statute may not engage in a “combination” within three years after the interested stockholder acquires its shares unless the combination or purchase is approved by the Board of Directors before the interested stockholder acquired such shares. If approval is not obtained, then after the expiration of the three-year period, the business combination may be consummated with the approval of the Board of Directors or a majority of the voting power held by disinterested stockholders, or if the consideration to be paid by the interested stockholder is at least equal to the highest of (i) the highest price per share paid by the interested stockholder within the three years immediately preceding the date of the announcement of the combination or in the transaction in which he became an interested stockholder, whichever is higher, (ii) the market value per common share on the date of announcement of the combination or the date the interested stockholder acquired the shares, whichever is higher, or (iii) if higher for the holders of preferred stock, the highest liquidation value of the preferred stock.

Articles of Incorporation and Bylaws

Our articles of incorporation are silent as to cumulative voting rights in the election of our directors. Nevada law requires the existence of cumulative voting rights to be provided for by a corporation's articles of incorporation. As such, the combination of the present ownership by a few stockholders of a significant portion of our issued and outstanding common stock and lack of cumulative voting makes it more difficult for other stockholders to replace our Board of Directors or for a third party to obtain control of us by replacing our Board of Directors. Our articles of incorporation and bylaws do not contain any explicit provisions that would have an effect of delaying, deferring or preventing a change in control of us.

Table of Contents

SHARES ELIGIBLE FOR FUTURE SALE

As of April 17, 2015, we currently have 57,697,666 shares of common stock issued and outstanding of which approximately 26,958,822 shares are freely transferable. Our executive officers and directors own 7,649,649 shares, which would be eligible for resale subject to the volume and manner of sale limitations of Rule 144 under the Securities Act. An additional 23,089,195 shares are “restricted securities,” as that term is defined in Rule 144, and are eligible for sale under the provisions of Rule 144.

We also have the following additional issued and outstanding securities as of April 17, 2015:

- 1,769,788 vested, yet unissued, shares of restricted common stock;
- warrants to purchase an aggregate of 54,042,749 shares of common stock; and
- stock options to purchase an aggregate of 14,197,378 shares of common stock.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are required to be aggregated), including a person who may be deemed an “affiliate” of the company, who has beneficially owned restricted securities for at least six months may sell, within any three-month period, a number of shares that does not exceed the greater of: (1) 1% of the then outstanding shares of common stock, or (2) the average weekly trading volume of the common stock during the four calendar weeks preceding the date on which notice of such sale was filed under Rule 144. Sales of shares held by our affiliates that are not “restricted” are subject to such volume limitations, but are not subject to the holding period requirement. Sales under Rule 144 are also subject to certain requirements as to the manner of sale, notice and availability of current public information about our company. A person who is not deemed to have been an affiliate of our company at any time during the 90 days preceding a sale by such person, and who has beneficially owned the restricted shares for at least one year, is entitled to sell such shares under Rule 144 without regard to any of the restrictions described above.

Following this offering, we cannot predict the effect, if any, that the availability for sale of shares held by our current stockholders will have on the market price from time to time. Nevertheless, sales by our current stockholders of a substantial number of shares of common stock in the public market could materially and adversely affect the market price for our common stock. In addition, the availability for sale of a substantial number of shares of our common stock acquired through the exercise of outstanding stock options or warrants could materially adversely affect the market price of our common stock.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION
FOR SECURITIES ACT LIABILITIES

Neither our articles of incorporation nor bylaws prevent us from indemnifying our officers, directors and agents to the extent permitted under the Nevada Revised Statute ("NRS"). NRS Section 78.7502, provides that a corporation may indemnify any director, officer, employee or agent of a corporation against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with any defense to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to Section 78.7502(1) or 78.7502(2), or in defense of any claim, issue or matter therein.

NRS 78.7502(1) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred

by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

NRS Section 78.7502(2) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been

Table of Contents

adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

NRS Section 78.747 provides that except as otherwise provided by specific statute, no director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the director or officer acts as the alter ego of the corporation. The court as a matter of law must determine the question of whether a director or officer acts as the alter ego of a corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed hereby in the Securities Act and we will be governed by the final adjudication of such issue.

LEGAL MATTERS

Olshan Frome Wolosky LLP, New York, New York, has passed upon the validity of the common stock offered by this prospectus as our counsel.

EXPERTS

Our audited financial statements as of December 31, 2014 and 2013 and for the years then ended have been included in this Prospectus in reliance on the report of Cross, Fernandez & Riley, LLP, an independent registered public accounting firm, appearing elsewhere herein given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. Some items are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the common shares offered hereby, we refer you to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus as to the contents of any contract, agreement or any other document referred to are summaries of the material terms of the respective contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. A copy of the registration statement, and the exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials may be obtained by writing to the Public Reference Section of the SEC at 100 F

Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC's website is http://www.sec.gov.

We file periodic reports and other information with the SEC. Such periodic reports and other information are available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at http://corp.izea.com. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information and other content contained on our website are not part of the prospectus.

Table of Contents

FINANCIAL STATEMENTS

Year Ended December 31, 2014:

Report of Independent Registered Public Accounting Firm	F- 2
Consolidated Balance Sheets as of December 31, 2014 and 2013	F- 3
Consolidated Statements of Operations for the years ended December 31, 2014 and 2013	F- 4
Consolidated Statements of Stockholders’ Equity (Deficit) for the years ended December 31, 2014 and 2013	F- 5
Consolidated Statements of Cash Flows for the years ended December 31, 2014 and 2013	F- 6
Notes to the Consolidated Financial Statements	F- 7

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
IZEA, Inc.

We have audited the accompanying consolidated balance sheets of IZEA, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IZEA, Inc. as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Cross, Fernandez & Riley, LLP

Orlando, Florida
March 19, 2015

Table of Contents

IZEA, Inc.
Consolidated Balance Sheets

	December 31, 2014	December 31, 2013
Assets		
Current:		
Cash and cash equivalents	$6,521,930	$530,052
Accounts receivable	2,156,378	1,659,802
Prepaid expenses	190,604	109,960
Other current assets	61,424	83,486
Total current assets	8,930,336	2,383,300
Property and equipment, net of accumulated depreciation of $239,521 and $205,070	588,919	156,482
Software development costs, net of accumulated amortization of $85,331 and $0	483,544	362,346
Security deposits	100,641	46,574
Total assets	$10,103,440	$2,948,702
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$310,611	$817,057
Accrued expenses	394,617	365,454
Unearned revenue	1,767,074	1,292,228
Current portion of capital lease obligations	54,376	43,852
Total current liabilities	2,526,678	2,518,591
Capital lease obligations, less current portion	7,291	34,013
Deferred rent	106,531	14,179
Warrant liability	3,203,465	1,832,945
Total liabilities	5,843,965	4,399,728
Stockholders' equity (deficit:)		
Common stock, $.0001 par value; 200,000,000 shares authorized; 57,697,666 and 22,560,653 issued and outstanding	5,770	2,256
Additional paid-in capital	27,195,055	24,672,132
Accumulated deficit	(22,941,350)	(26,125,414)
Total stockholders' equity (deficit)	4,259,475	(1,451,026)
Total liabilities and stockholders' equity (deficit)	$10,103,440	$2,948,702

See accompanying notes to the consolidated financial statements.

F- 3

Table of Contents

IZEA, Inc.
Consolidated Statements of Operations

	Twelve Months Ended December 31,	
	2014	2013
Revenue	$8,322,274	$6,626,943
Cost of sales	2,845,833	2,698,364
Gross profit	5,476,441	3,928,579
Operating expenses:		
General and administrative	8,813,291	6,460,800
Sales and marketing	1,309,353	380,835
Total operating expenses	10,122,644	6,841,635
Loss from operations	(4,646,203)	(2,913,056)
Other income (expense):		
Interest expense	(25,375)	(63,404)
Loss on exchange of warrants and debt	—	(94,214)
Change in fair value of derivatives and notes payable carried at fair value, net	7,845,214	(251,847)
Other income (expense), net	10,428	529
Total other income (expense)	7,830,267	(408,936)
Net income (loss)	$3,184,064	$(3,321,992)
Weighted average common shares outstanding – basic	52,327,088	12,400,366
Basic income (loss) per common share	$0.06	$(0.27)
Weighted average common shares outstanding – diluted	63,400,080	12,400,366
Diluted income (loss) per common share	$0.05	$(0.27)

See accompanying notes to the consolidated financial statements.

Table of Contents

IZEA, Inc.
Consolidated Statement of Stockholders’ Equity (Deficit)

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated	Total Stockholders’
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity (Deficit)
Balance, December 31, 2012	5	$—	6,186,997	$619	$21,489,354	$(22,803,422)	$(1,313,449)
Sale of common stock and conversion of notes payable, net of offering costs	—	—	14,236,472	1,424	1,882,786	—	1,884,210
Conversion of preferred stock	(5)	—	3,788	—	—	—	—
Conversion of notes payable into common stock	—	—	773,983	77	124,534	—	124,611
Exchange of warrants for common stock	—	—	5,001	1	731	—	732
Fair value of warrants issued	—	—	—	—	7,209	—	7,209
Stock issued for payment of services	—	—	1,354,412	135	442,264	—	442,399
Stock-based compensation	—	—	—	—	725,254	—	725,254
Net loss	—	—	—	—	—	(3,321,992)	(3,321,992)
Balance, December 31, 2013	—	$—	22,560,653	$2,256	$24,672,132	$(26,125,414)	$(1,451,026)
Sale of common stock, net of offering costs	—	—	34,285,728	3,429	10,928,759	—	10,932,188
Fair value of warrants issued	—	—	—	—	(12,382,216)	—	(12,382,216)
Fair value of 2013 PPM warrants reclassified from liability to equity	—	—	—	—	3,166,482	—	3,166,482
Exercise of stock options & warrants	—	—	451,250	45	112,755	—	112,800
Stock purchase plan subscriptions	—	—	7,603	1	1,809	—	1,810
Stock issued for payment of services	—	—	392,432	39	157,071	—	157,110
Stock-based compensation	—	—	—	—	538,263	—	538,263
Net income	—	—	—	—	—	3,184,064	3,184,064
Balance, December 31, 2014	—	$—	57,697,666	$5,770	$27,195,055	$(22,941,350)	$4,259,475

See accompanying notes to the consolidated financial statements.

Table of Contents

IZEA, Inc.
Consolidated Statements of Cash Flows

	Twelve Months Ended December 31,	
	2014	2013
Cash flows from operating activities:		
Net income (loss)	$3,184,064	$(3,321,992)
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Depreciation	109,823	51,229
Amortization of software development costs and other assets	95,548	45,961
Loss (gain) on sale of furniture and equipment	16,192	(2,879)
Bad debt expense	—	26,389
Stock-based compensation	538,263	725,254
Stock issued or to be issued for payment of services	166,610	443,588
Loss on exchange of warrants and debt	—	94,214
Change in fair value of derivatives and notes payable carried at fair value, net	(7,845,214)	251,847
Cash provided by (used for):		
Accounts receivable	(496,576)	(1,259,373)
Prepaid expenses and other current assets	(72,299)	(15,226)
Accounts payable	(506,446)	(346,250)
Accrued expenses	29,163	203,990
Unearned revenue	474,846	152,088
Deferred rent	92,352	14,179
Net cash used for operating activities	(4,213,674)	(2,936,981)
Cash flows from investing activities:		
Purchase of equipment	(517,113)	(17,586)
Increase in software development costs	(206,529)	(362,346)
Security deposits	(54,067)	(37,526)
Net cash used for investing activities	(777,709)	(417,458)
Cash flows from financing activities:		
Proceeds from issuance of notes payable, net	—	1,439,798
Proceeds from issuance of common stock and warrants, net	10,933,998	2,004,111
Proceeds from exercise of stock options & warrants	112,800	—
Payments on notes payable and capital leases	(63,537)	(217,364)
Net cash provided by financing activities	10,983,261	3,226,545
Net increase (decrease) in cash and cash equivalents	5,991,878	(127,894)
Cash and cash equivalents, beginning of year	530,052	657,946
Cash and cash equivalents, end of period	$6,521,930	$530,052
Supplemental cash flow information:		
Cash paid during period for interest	$15,158	$13,045
Non-cash financing and investing activities:		
Fair value of 2013 PPM warrants reclassified from liability to equity	$3,166,482	$—

Fair value of warrants issued	$12,382,216	$2,352,108
Conversion of notes payable into common stock	$—	$1,501,229
Acquisition of assets through capital lease	$41,339	$73,489

See accompanying notes to the consolidated financial statements.

F- 6

IZEA, Inc.
Notes to the Consolidated Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business
IZEA, Inc. (the "Company") was founded in February 2006 under the name PayPerPost, Inc. and became a public company incorporated in the state of Nevada in May 2011. The Company is headquartered in Winter Park, Florida with offices in Chicago, Los Angeles and New York and a sales presence in Texas and Michigan.

The Company is a leading company in the social sponsorship spacecreating the first social sponsorship marketplace in 2006 with the launch of our first platform, PayPerPost.com. Social sponsorship is when a company compensates a social media publisher or influencer such as a blogger or tweeter ("creators") to share sponsored content with their social network audience. This sponsored content is shared within the body of a content stream, a practice also referred to as “native advertising” and "sponsored content.” The Company generates its revenue primarily through the sale of sponsorship campaigns to its advertisers. The Company fulfills these campaigns through its platforms by utilizing its network of creators to complete sponsorship opportunities for its advertisers. The Company also generates revenue from the posting of targeted display advertising and from various service fees.

The Company currently operates an online marketplace that connects brands with creators at IZEA.com as well as other white label marketplaces. IZEA.com and all white label sites are powered by the IZEA Exchange (“IZEAx”), a platform that handles content workflow, creator search and targeting, bidding, analytics and payment processing. IZEAx is designed to provide a unified ecosystem that enables the creation of multiple types of content including blog posts, status updates, videos and photos through a wide variety of social channels including blogs, Twitter, Facebook, Instagram and Tumblr, among others. Prior to the launch of IZEAx, the Company had independent technology platforms including PayPerPost.com, SocialSpark.com and SponsoredTweets.com, which were shut down throughout 2014 and replaced with the IZEAx system.

Principles of Consolidation
The consolidated financial statements include the accounts of IZEA, Inc. and its wholly-owned subsidiary, IZEA Innovations, Inc. (together, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable and Concentration of Credit Risk
Accounts receivable are customer obligations due under normal trade terms. Uncollectibility of accounts receivable is not significant since most customers are bound by contract and are required to fund the Company for all the costs of an “opportunity,” defined as an order created by an advertiser for a creator to write about the advertiser’s product. If a portion of the account balance is deemed uncollectible, the Company will either write-off the amount owed or provide a reserve based on the uncollectible portion of the account. Management determines the collectibility of accounts by regularly evaluating individual customer receivables and considering a customer’s financial condition, credit history and current economic conditions. The Company does not have a reserve for doubtful accounts as of December 31, 2014 and 2013. Management believes that this estimate is reasonable, but there can be no assurance that the estimate will not change as a result of a change in economic conditions or business conditions within the industry, the individual customers or the Company. Any adjustments to this account are reflected in the consolidated statements of operations as a general and administrative expense. Bad debt expense was less than 1% of revenue for the twelve months ended December 31, 2014 and 2013.

Concentrations of credit risk with respect to accounts receivable are typically limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. The Company also controls credit risk through credit approvals, credit limits and monitoring procedures. The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable. At December 31, 2014, the Company had two customers which accounted for 29% of total accounts receivable in the aggregate. At December 31, 2013, the Company had two customers which accounted for 23% of total accounts receivable in the aggregate. The Company had one customer that accounted for 10% and 12% of its revenue during the twelve months ended December 31, 2014 and 2013.

Property and Equipment

Depreciation and amortization is computed using the straight-line method and half-year convention over the estimated useful lives of the assets as follows:

IZEA, Inc.
Notes to the Consolidated Financial Statements

Computer Equipment	3 years
Software Costs	3 years
Office Equipment	3 - 10 years
Furniture and Fixtures	5 - 10 years
Leasehold Improvements	5 years

Major additions and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. When assets are retired or otherwise disposed of, related costs and accumulated depreciation and amortization are removed and any gain or loss is recognized in net income or loss.

Software Development Costs
Throughout 2013 and the first quarter of 2014, the Company developed a new web-based advertising exchange platform called the IZEA Exchange (IZEAx). IZEAx is designed to provide a unified ecosystem that enables the creation of multiple types of content including blog posts, status updates, videos and photos through a wide variety of social channels including blogs, Twitter, Facebook, Instagram, Tumblr and LinkedIn, among others. This platform will be utilized both internally and externally to facilitate native advertising campaigns on a greater scale. In accordance with ASC 350-40, Internal Use Software and ASC 985-730, Computer Software Research and Development, research phase costs should be expensed as incurred and development phase costs including direct materials and services, payroll and benefits and interest costs may be capitalized. The Company is amortizing software development costs for IZEAx over 5 years.

Revenue Recognition
The Company derives its revenue from three sources: revenue from an advertiser for the use of the Company's network of social media content creators to fulfill advertiser sponsor requests for a blog post, tweet, click or action ("Sponsored Revenue"), revenue from the posting of targeted display advertising ("Media Revenue") and revenue derived from various service fees charged to advertisers and creators ("Service Fee Revenue"). Sponsored revenue is recognized and considered earned after an advertiser's opportunity is posted on the Company's online platform and their request is completed and content listed, as applicable, by the Company's creators for a requisite period of time. The requisite period ranges from 3 days for an action or tweet to 30 days for a blog. Management fees related to Sponsored Revenue from advertising campaigns managed by the Company are recognized ratably over the term of the campaign which may range from a few days to months. Media Revenue is recognized and considered earned when the Company's creators place targeted display advertising in blogs. Service fees charged to advertisers are primarily related to inactivity fees for dormant accounts and fees for additional services outside of sponsored revenue. Service fees charged to creators include upgrade account fees for obtaining greater visibility to advertisers in advertiser searches in our platforms, early cash-out fees if a creator wishes to take proceeds earned for services from their account when the account balance is below certain minimum balance thresholds and inactivity fees for dormant accounts. Service fees are recognized immediately when the maintenance or enhancement service is performed for an advertiser or creator or at the time the account becomes dormant or is cashed out. Self-service advertisers must prepay for services by placing a deposit in their account with the Company. The deposits are typically paid by the advertiser via check, wire transfer or credit card. Advertisers who use Company personnel to manage their advertising campaigns may prepay for services or request credit terms. Deposits are recorded as unearned revenue until earned as described above.

All of the Company's revenue is generated through the rendering of services and is recognized under the general guidelines of SAB Topic 13 A.1 which states that revenue will be recognized when it is realized or realizable and earned. The Company considers its revenue as generally realized or realizable and earned once (i) persuasive evidence of an arrangement exists, (ii) services have been rendered, (iii) the price to the advertiser or customer is fixed

(required to be paid at a set amount that is not subject to refund or adjustment) and determinable, and (iv) collectibility is reasonably assured. The Company records revenue on the gross amount earned since it generally is the primary obligor in the arrangement, establishes the pricing and determines the service specifications.

Advertising Costs

Advertising costs are charged to expense as they are incurred, including payments to contact creators to promote the Company. Advertising expense charged to operations for the twelve months ended December 31, 2014 and 2013 were approximately $827,000 and $67,000, respectively. Advertising costs are included in sales and marketing expense in the accompanying consolidated statements of operations.

Deferred Rent

The Company's operating lease for its office facilities contains predetermined fixed increases of the base rental rate during the lease term which was recognized as rental expense on a straight-line basis over the lease term which ends in April 2019, but is

IZEA, Inc.
Notes to the Consolidated Financial Statements

renewable for one additional year until April 2020. The Company records the difference between the amounts charged to operations and amounts payable under the lease as deferred rent in the accompanying consolidated balance sheets.

Income Taxes
The Company has not recorded current income tax expense due to the generation of net operating losses. Deferred income taxes are accounted for using the balance sheet approach which requires recognition of deferred tax assets and liabilities for the expected future consequences of temporary differences between the financial reporting basis and the tax basis of assets and liabilities. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's tax years, subject to examination by the Internal Revenue Service, generally remain open for three years from the date of filing.

Derivative Financial Instruments
Derivative financial instruments are defined as financial instruments or other contracts that contain a notional amount and one or more underlying factor (e.g., interest rate, security price or other variable), require no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. Further, derivative financial instruments are initially, and subsequently, measured at fair value and recorded as liabilities or, in rare instances, assets. The Company accounts for derivative instruments in accordance with ASC 815, Derivatives and Hedging ("ASC 815"), which requires additional disclosures about the Company's objectives and strategies for using derivative instruments, how the derivative instruments and related hedged items are accounted for, and how the derivative instruments and related hedging items affect the financial statements. The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risk. Terms of convertible debt and equity instruments are reviewed to determine whether or not they contain embedded derivative instruments that are required under ASC 815 to be accounted for separately from the host contract, and recorded on the balance sheet at fair value. The fair value of derivative liabilities, if any, is required to be revalued at each reporting date, with corresponding changes in fair value recorded in current period operating results. Pursuant to ASC 815, an evaluation of specifically identified conditions is made to determine whether the fair value of warrants issued is required to be classified as equity or as a derivative liability.

The Company records a beneficial conversion feature ("BCF") related to the issuance of convertible debt and equity instruments that have conversion features at fixed rates that are in-the-money when issued, and the fair value of warrants issued in connection with those instruments. The BCF for the convertible instruments is recognized and measured by allocating a portion of the proceeds to warrants, based on their relative fair value, and as a reduction to the carrying amount of the convertible instrument equal to the intrinsic value of the conversion feature. The discounts recorded in connection with the BCF and warrant valuation are recognized (a) for convertible debt as interest expense over the term of the debt, using the effective interest method or (b) for preferred stock as dividends at the time the stock first becomes convertible.

Fair Value of Financial Instruments
The Company's financial instruments are recorded at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation

techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect certain market assumptions. There are three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets and liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The Company does not have any Level 1 or 2 financial assets or liabilities. The Company's Level 3 financial liabilities measured at fair value consisted of a warrant liability as of December 31, 2014 (see Note 6). Significant unobservable

F- 9

IZEA, Inc.
Notes to the Consolidated Financial Statements

inputs used in the fair value measurement of the warrants include the estimated term. Significant increases (decreases) in the estimated remaining period to exercise would result in a significantly higher (lower) fair value measurement. In developing our credit risk assumption used in the fair value of warrants, consideration was made of publicly available bond rates and US Treasury Yields. However, since the Company does not have a formal credit-standing, management estimated its standing among various reported levels and grades for use in the model. During all periods, management estimated that the Company's standing was in the speculative to high-risk grades (BB- to CCC in the Standard and Poor's Rating). A significant increase (decrease) in the risk-adjusted interest rate could result in a significantly lower (higher) fair value measurement.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, accounts receivable, accounts payable, unearned revenue and accrued expenses. Unless otherwise disclosed, the fair value of the Company’s capital lease obligations approximate their carrying value based upon current rates available to the Company.

Stock-Based Compensation
Stock-based compensation cost related to stock options granted under the May 2011 Equity Incentive Plan and August 2011 B Equity Incentive Plan (together, the "2011 Equity Incentive Plans") (see Note 8) is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee’s requisite service period. The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option-pricing model that uses the assumptions noted in the table below. The Company estimates the fair value of its common stock using the closing stock price of its common stock as quoted in the OTCQB marketplace on the date of the agreement. The Company estimates the volatility of its common stock at the date of grant based on the volatility of comparable peer companies that are publicly traded and have had a longer trading history than itself. The Company determines the expected life based on historical experience with similar awards, giving consideration to the contractual terms, vesting schedules and post-vesting forfeitures. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The Company used the following assumptions for options granted under the 2011 Equity Incentive Plans during the twelve months ended December 31, 2014 and 2013:

	Twelve Months Ended	
2011 Equity Incentive Plans Assumptions	December 31, 2014	December 31, 2013
Expected term	6 years	9 years
Weighted average volatility	42.26%	51.51%
Weighted average risk free interest rate	1.80%	2.17%
Expected dividends	—	—

The Company estimates forfeitures when recognizing compensation expense and this estimate of forfeitures is adjusted over the requisite service period based on the extent to which actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures are recognized through a cumulative catch-up adjustment, which is recognized in the period of change, and also impact the amount of unamortized compensation expense to be recognized in future periods. Average expected forfeiture rates were 9.30% and 3.72% during the twelve months ended December 31, 2014 and 2013, respectively.

Non-Employee Stock-Based Compensation
The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of ASC 505, “Equity-Based Payments to Non-Employees.” The measurement date for

the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. The fair value of equity instruments issued to consultants that vest immediately is expensed when issued. The fair value of equity instruments issued to consultants that have future vesting and are subject to forfeiture if performance does not occur is recognized as expense over the vesting period. Fair values for the unvested portion of issued instruments are adjusted each reporting period. The change in fair value is recorded to additional paid-in capital. Stock-based compensation related to non-employees is accounted for based on the fair value of the related stock or the fair value of the services, whichever is more readily determinable.

Segment Information

The Company does not identify separate operating segments for management reporting purposes. The results of operations are the basis on which management evaluates operations and makes business decisions.

IZEA, Inc.
Notes to the Consolidated Financial Statements

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements
There are new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Management does not believe any of these accounting pronouncements will have a material impact on the Company's financial position or operating results.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Company is currently evaluating the impact of the adoption of ASU 2014-09 on its consolidated financial statements and has not yet determined the method by which it will adopt the standard in 2017.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2014	December 31, 2013
Furniture and fixtures	$203,965	$153,521
Office equipment	42,576	34,518
Computer equipment	292,669	169,814
Leasehold improvements	289,230	3,699
Total	828,440	361,552
Less accumulated depreciation and amortization	(239,521)	(205,070)
Property and equipment, net	$588,919	$156,482

Computer equipment includes items under capital leases totaling $114,827 and $119,681 as of December 31, 2014 and 2013, respectively. Accumulated amortization relating to equipment under capital leases totaled $42,131 and $42,549 as of December 31, 2014 and 2013, respectively. Depreciation and amortization expense on property and equipment recorded in general and administrative expense in the accompanying consolidated statements of operations was $109,823 and $51,229 for the twelve months ended December 31, 2014 and 2013, respectively.

NOTE 3. SOFTWARE DEVELOPMENT COSTS

Software development costs consists of the following:

	December 31, 2014	December 31, 2013
Software development costs	$568,875	$362,346
Less accumulated depreciation and amortization	(85,331)	—
Software development costs, net	$483,544	$362,346

The Company capitalized $568,875 in direct materials, payroll and benefit costs to software development costs in the consolidated balance sheet as of December 31, 2014. The Company determined that on April 15, 2013, the project became technologically

F- 11

IZEA, Inc.
Notes to the Consolidated Financial Statements

feasible and the development phase began. On March 17, 2014, the Company launched a public beta of IZEA.com powered by IZEAx and initially began amortizing the costs over 3 years. In the fourth quarter of 2014, the Company revised its estimate of useful life to 5 years based on a review of the functionality of IZEAx and determination that it was viable and able to supersede and handle all transactions previously processed under its older platforms, which each had a useful life of approximately 5 years. All of the existing legacy platforms were shut down and IZEAx became the sole operating platform by the end of 2014. This change in estimate resulted in a reduction of amortization expense of $37,925 in the fourth quarter. Amortization expense on software development costs recorded in general and administrative expense in the accompanying consolidated statements of operations was $85,331 for the twelve months ended December 31, 2014. Amortization expense will be $113,775 for the next four years and $28,444 in 2019.

NOTE 4. INTANGIBLE ASSETS

Loan Acquisition Costs
In conjunction with the issuance of notes payable (see Note 5), the Company incurred legal and bank fees that were capitalized as loan acquisition costs and are being amortized over the term of the debt using the effective interest method. Amortization of loan costs included in interest expense in the accompanying consolidated statements of operations was $10,217 and $27,961 in the twelve months ended December 31, 2014 and 2013, respectively. The remaining value of loan costs as of December 31, 2014 is $1,000 related to the Bridge Bank Credit Agreement, and is expected to be amortized in full during fiscal 2015.

Customer List Acquisition
In July 2011, the Company acquired a network of customers that included approximately 12,000 advertisers and 20,000 Twitter creators in 143 countries from Magpie & Friends Ltd., a private limited company organized under the laws in England and Wales. The Company recorded total costs of $125,525 for the purchase of these customers. In December 2012, after analyzing expected future cash flows the customer list it acquired in 2011, the Company determined that the fair value of this asset exceeded its carrying value as of December 31, 2012 and recorded a $48,249 impairment on the value of the customer lists in general and administrative expenses in the accompanying consolidated statements of operations. Additionally, the Company estimated that its future cash flows from these customers would be minimal after one more year and, therefore, determined that the remaining fair value of $77,276 should be amortized equally over the remaining estimated useful life of one year. Amortization of asset costs included in general and administrative expense in the accompanying consolidated statements of operations was $18,000 for the twelve months ended December 31, 2013.

Net intangible assets included in the the Balance Sheet as other current assets consists of the following:

	December 31, 2014	December 31, 2013
Loan acquisition costs	$65,101	$59,101
Customer lists	77,276	77,276
Total	142,377	136,377
Less accumulated amortization	(141,377)	(131,160)
Intangible assets, net	$1,000	$5,217

NOTE 5. NOTES PAYABLE

Convertible Notes Payable
$550,000 Note Payable:

On February 3, 2012, the Company issued a senior secured promissory note in the principal amount of $550,000 less an original issuance discount (OID) of $50,000. The holders were permitted to convert the outstanding principal amount of the note at a conversion price of 90% of the closing price of the Company's common stock. Upon initial recording of the note, the Company determined that the embedded conversion option (ECO) required bifurcation from the host instrument and classification as a liability at fair value. The initial fair value of the ECO of $12,151 was subsequently remeasured at fair value each reporting period. The allocation of proceeds from the note resulted in an initial carrying value of the principal of $484,349, consisting of the $550,000 face value of the note less the $50,000 OID, $3,500 in lender fees, and $12,151 allocated to the ECO, or a total discount of $65,651. The discount is subject to amortization, through charges to interest expense, over the term to maturity or conversion using the effective interest method. Approximately $5,800 of the discount and $1,877 of loan acquisition costs were amortized as interest expense for the twelve months ended December 31, 2013.

From October 2012 through December 2012, the holders of this promissory note converted $437,850 of note value into 2,069,439 shares of common stock at an average conversion rate of $.21 per share. On February 4, 2013, the Company satisfied all of its

---

IZEA, Inc.
Notes to the Consolidated Financial Statements

remaining obligations under this note when the noteholders converted the final balance owed of $112,150 into 773,983 shares of common stock at an average conversion rate of $.145 per share.

$75,000 Notes Payable:
On May 4, 2012, the Company issued an unsecured 30-day promissory note to two of its existing shareholders in the principal amount of $75,000. In June 2012, the note was extended until December 4, 2012 and the parties agreed that the noteholders could convert the note at any time on or before the maturity date into shares of common stock at a conversion price equal to the lower of (i) $5.00 per share or (ii) 90% of the then market price based on a volume weighted average price per share of the Company's common stock for the ten trading days prior to the conversion date. Upon initial recording of the note, the Company determined that the embedded conversion option (ECO) required bifurcation from the host instrument and classification as a liability at fair value. The initial fair value of the ECO of $15,625 was subsequently remeasured at fair value each reporting period. The note bore interest at a rate of 8% per annum. The noteholders did not elect to convert this note and the Company was not able to pay the balance owed upon its maturity on December 4, 2012. Therefore, the conversion feature expired and the note was in default bearing interest at the default rate of 18% per annum. On August 15, 2013, the Company satisfied all of its remaining obligations under this note when the noteholders converted the $75,000 in principal, plus $12,366 of accrued interest, into 349,464 shares of common stock and a like number of warrants on the same terms and conditions as other investors in its 2013 Private Placement discussed in Note 8. The Company recorded a $93,482 loss on the exchange of the promissory note for shares in the Company's consolidated statements of operations during the twelve months ended December 31, 2013.

Bridge Bank Credit Agreement
On March 1, 2013, the Company entered into a secured credit facility agreement with Bridge Bank, N.A. of San Jose, California. Pursuant to this agreement, the Company may submit requests for funding up to 80% of its eligible accounts receivable up to a maximum total outstanding advanced amount of $1.5 million. This agreement is secured by the Company's accounts receivable and substantially all of the Company's other assets. The agreement renews annually and requires the Company to pay an annual facility fee of $5,000 (0.5% of the credit facility) and an annual due diligence fee of $1,000. Interest accrues on the advances at the prime plus 2% per annum. The default rate of interest is prime plus 7%. As of December 31, 2014, the Company had no advances outstanding under this agreement. The Company incurred $37,301 in costs related to this loan acquisition, including the fair value of warrants issued of $7,209 during the twelve months ended December 31, 2013. The Company incurred $6,000 in costs related to this loan acquisition during the twelve months ended December 31, 2014. These costs have been capitalized in the Company's consolidated balance sheet as loan acquisition costs within other current assets and are being amortized to interest expense over one year. The Company amortized $10,217 and $26,084 of these costs through interest expense during the twelve months ended December 31, 2014 and 2013, respectively.

Brian Brady Promissory Notes
On April 11, 2013 and May 22, 2013, the Company entered into unsecured loan agreements with Brian W. Brady, a director of the Company. Pursuant to these agreements, the Company received short-term loans totaling $750,000 due on May 31, 2013. The notes bore interest at 7% per annum with a default rate of interest at 12% based on a 360-day year. On May 31, 2013, the Company signed an extension and conversion agreement that extended the maturity date to August 31, 2013. Additionally, the parties agreed to allow these notes and all accrued interest thereon to be converted into equity upon closing of the next private placement on the same terms and conditions that will be applicable to other investors in the private placement. In consideration for the extension and conversion agreement, the Company issued Mr. Brady a warrant to purchase 1,000,000 shares of the Company's common stock at $0.25 per share for a period of five years. The Company also agreed that upon the first closing of its next private placement it would issue Mr. Brady an additional warrant to purchase 3,187,500 shares of the Company's common stock at $0.25 per share for a period of five years and 1,687,500 restricted stock to be issued upon the earlier of two years after the

closing or completion of a transaction resulting in a change of control of the Company. The Company accounted for the extension and conversion agreement associated with these loans as a substantial modification on May 31, 2013 (see Note 6 under Convertible Notes-Carried at Fair Value).

On June 7, June 14, July 25 and August 12, 2013, the Company entered into additional unsecured loan agreements with Mr. Brady. Pursuant to these agreements, the Company received short-term loans totaling $520,000 due on August 31, 2013. The notes bore interest at 7% per annum with a default rate of interest at 12% based on a 360-day year.

On August 15, 2013, Mr. Brady converted the $1,270,000 of total principal, plus $19,252 of accrued interest, into 5,157,008 shares of common stock on the same terms and conditions as were applicable to the other investors in the 2013 Private Placement discussed in Note 8. There were no further amounts owed to Mr. Brady after the conversion.

During the twelve months ended December 31, 2013, interest expense on all the notes amounted to $22,397. Direct finance costs allocated to the embedded derivatives were expensed in full upon issuance of the notes. Direct finance costs allocated to the notes

---

IZEA, Inc.
Notes to the Consolidated Financial Statements

are subject to amortization, through charges to interest expense, using the effective interest method. During the twelve months ended December 31, 2014 and 2013, interest expense related to the amortization of finance costs amounted to $10,217 and $27,961, respectively.

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

The Company evaluates its convertible debt, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 of the FASB Accounting Standards Codification and paragraph 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the Statement of Operations as other income or expense. Upon registration, conversion or exercise, as applicable, of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months after the balance sheet date.

Warrant Liability
2014 Activity:
On February 21, 2014, the Company issued five-year warrants to purchase 17,142,864 shares of the Company's common stock at an exercise price of $0.35 per share and five-year warrants to purchase 17,142,864 shares of the Company's common stock at an exercise price of $0.50 per share pursuant to the terms of the Securities Purchase Agreements entered into in connection with its 2014 Private Placement (see Note 8 for further details). As part of the transaction, the Company also issued a five-year warrant to purchase up to 750,511 shares of the Company's common stock at an exercise price of $0.35 per share and a five-year warrant to purchase up to 750,511 shares of the Company' common stock at an exercise price of $0.50 per share to the placement agent.
The Company determined that these warrants require classification as a liability due to certain registration rights and listing requirements that required the Company to file a registration statement with the SEC for purposes of registering the resale of the shares underlying these warrants. The warrants also require classification as a liability due to provisions for potential exercise price adjustments. The Company determined that the fair value of these warrants on their issuance date on February 21, 2014 was $12,382,216. The fair value and outstanding derivative warrant liability related to these warrant shares as of December 31, 2014 was $3,202,915. The Company filed a registration statement on Form S-1 related to these shares on April 7, 2014, which was declared effective by the SEC on May 14, 2014. Although the warrants are currently registered, they still require liability classification due to the provisions for potential exercise price adjustments.

2013 Activity:
In February 2013, pursuant to a private transaction with a warrant holder, the Company redeemed a warrant to purchase 5,001 shares of common stock for the same number of shares without the Company receiving any further cash consideration. The redemption was treated as an exchange wherein the difference between the fair value of the newly issued common stock and the carrying value of the warrant received in the exchange was recognized as a loss on exchange of warrants in the amount of $732 during the twelve months ended December 31, 2013.

On May 4, 2012, the Company issued an unsecured 30-day promissory note to two of its existing shareholders in the principal amount of $75,000 (See Note 5). On August 15, 2013, the Company satisfied all of its remaining obligations under this note when the noteholders converted the $75,000 in principal, plus $12,366 of accrued interest, into 349,464 shares of common stock and a like number of warrants on the same terms and conditions as other investors in its 2013 Private Placement discussed in Note 8. Since there was no conversion provision in effect on the note at the time, the conversion was treated as an exchange wherein the difference between the fair value of the newly issued common stock and the carrying value of the note received in the exchange was recognized as a loss on exchange of debt in the amount of $93,482 during the twelve months ended December 31, 2013.

From August 15, 2013 through September 23, 2013, the Company issued five-year warrants to purchase 7,118,236 shares of its common stock at an exercise price of $0.25 per share and five-year warrants to purchase 7,118,236 shares of its common stock at an exercise price of $0.50 per share pursuant to the terms of the Securities Purchase Agreements entered into in connection with its 2013 Private Placement (see Note 8 for further details). The Company determined that these warrants require classification as a liability due to certain registration rights in the agreements that required the Company to file a registration statement with the

IZEA, Inc.
Notes to the Consolidated Financial Statements

SEC for purposes of registering the resale of the shares underlying these warrants. The Company determined that the fair value of these warrants on their issuance date was $2,344,899. The Company filed a registration statement on Form S-1 on October 16, 2013, which was declared effective by the SEC on November 8, 2013 for the registration of 174,732 of these warrant shares. The Company filed a registration statement on Form S-1 related to the remaining warrant shares on July 17, 2014, which was declared effective by the SEC on July 29, 2014. The fair value and outstanding derivative warrant liability related to these warrant shares as of July 29, 2014 was $3,166,482. As a result of the registration, the warrants no longer require liability classification and the fair value was reclassified to equity in July 2014.

2012 Activity:
The Company determined that 110,000 warrant shares issued in its September 2012 public offering still require classification as a liability due to certain registration rights and listing requirements in the agreements. The fair value and outstanding derivative warrant liability related to these warrant shares as of December 31, 2014 was $550.

2011 Activity:
The Company determined that 13,554 warrant shares remaining from its May 2011 Offering and 250 warrant shares issued in July 2011 for a customer list acquisition still require classification as a liability due to certain registration rights and listing requirements in the agreements. The fair value and outstanding derivative warrant liability related to these warrant shares as of December 31, 2014 was $0.

During the twelve months ended December 31, 2014 and 2013, the Company recorded a gain of $7,845,214 and of $514,704, respectively, due to the change in the fair value of its warrant liability.

The following table summarizes the Company's activity and fair value calculations of its derivative warrants for the twelve months ended December 31, 2014 and 2013:

	Linked Common Shares to Derivative Warrants	Warrant Liability
Balance, December 31, 2012	128,350	$2,750
Issuance of warrants to investors in 2013 Private Placement	14,236,472	2,344,899
Exchange of warrants for common stock	(4,546)	—
Change in fair value of derivatives	—	(514,704)
Balance, December 31, 2013	14,360,276	$1,832,945
Issuance of warrants to investors in 2014 Private Placement	35,786,750	12,382,216
Reclassification of fair value of 2013 Private Placement warrants to equity	(14,236,472)	(3,166,482)
Change in fair value of derivatives	—	(7,845,214)
Balance, December 31, 2014	35,910,554	$3,203,465

The Company's warrants were valued on the applicable dates using a Binomial Lattice Option Valuation Technique (“Binomial”). Significant inputs into this technique as of August 15, 2013 - September 23, 2013, December 31, 2013, February 21, 2014, July 29, 2014 and December 31, 2014 are as follows:

IZEA, Inc.
Notes to the Consolidated Financial Statements

Binomial Assumptions	August 15, 2013 - September 23, 2013	December 31, 2013	February 21, 2014	July 29, 2014	December 31, 2014
Fair market value of asset [(1)]	$0.28-$0.37	$0.30	$0.58	$0.45	$0.28
Exercise price	$0.25-$0.50	$0.25-$1.25	$0.35-$0.50	$0.25-$0.50	$0.35-$1.25
Term [(2)]	5.0 years	3.7 - 4.7 years	5.0 years	4.1 - 4.2 years	2.7 - 4.2 years
Implied expected life [(3)]	5.0 years	3.7 - 4.7 years	5.0 years	4.1 - 4.2 years	2.7 - 4.2 years
Volatility range of inputs [(4)]	48.46%--81.72%	40.63%--78.73%	60%	40%--76%	42%--71%
Equivalent volatility [(3)]	56.57%--57.55%	55%--56%	60%	53%	48%--54%
Risk-free interest rate range of inputs [(5)]	0.04%--1.72%	0.38%--1.75%	1.56%	1.35%	1.10%--1.38%
Equivalent risk-free interest rate [(3)]	0.56%--0.69%	0.78%--1.75%	1.56%	1.35%	1.10%--1.38%

(1) The fair market value of the asset was determined by using the Company's closing stock price as reflected in the over-the-counter market.
(2) The term is the contractual remaining term, allocated among twelve equal intervals for purposes of calculating other inputs, such as volatility and risk-free rate.
(3) The implied expected life, and equivalent volatility and risk-free interest rate amounts are derived from the binomial.
(4) The Company does not have a market trading history upon which to base its forward-looking volatility. Accordingly, the Company selected peer companies that provided a reasonable basis upon which to calculate volatility for each of the intervals described in (2), above.
(5) The risk-free rates used for inputs represent the yields on zero coupon U.S. Government Securities with periods to maturity consistent with the intervals described in (2), above.

Convertible Notes-Carried At Fair value

$750,000 Notes Payable:

In conjunction with the loan extension and conversion agreement with Brian W. Brady discussed in Note 5, since the modification added a substantial conversion feature, the debt instruments were considered “substantially” different after the modification and extinguishment accounting was applicable. As a result, the fair value of the additional warrant to purchase 3,187,500 shares of the Company's common stock at $0.25 per share and the additional 1,687,500 shares of restricted stock were considered in the determination of the amount of loss on debt extinguishment. However, since Mr. Brady is a board member and significant shareholder, the transaction is considered to be with a related party and thus, the extinguishment is in essence a capital transaction. As such, the difference between the carrying amount of the original notes of $755,227 and the fair value of the modified notes as well as the fair value of the 1,000,000 warrants issued on May 31, 2013 and the 3,187,500 warrants and 1,687,500 restricted stock shares to be issued in the future of $1,526,202, or $770,975, was included in additional paid-in capital as of December 31, 2013 as the transaction was deemed capital in nature. The common stock equivalent value was based on the calculated indexed shares, the fair value of the common stock on the valuation date, and the fair value of the warrants using a binomial lattice model.

The Company concluded that since the modification resulted in the addition of a conversion feature, the notes no longer met the definition of being indexed to the Company's own stock as provided in ASC 815 Derivatives and Hedging. Accordingly, the modification of these loans on May 31, 2013 resulted in a change that required either bifurcation of the embedded conversion feature or the Company could choose to record the entire fair value of the convertible notes at fair value. According to the terms of the modification, the convertible notes are required to be converted on the date the Company finalizes a future contemplated financing. Rather than choosing to value the notes based on the present value of their cash flows, it was assumed a market participant would likely consider the common stock equivalent value to be more indicative of the fair value of the notes since they will be converted and not paid in cash. Therefore, management chose to record the promissory notes at their fair value using a common stock

equivalent approach, with changes in fair value being reported as "Change in the fair value of derivatives and notes payable carried at fair value, net" in the accompanying consolidated statements of operations. On August 15, 2013, Mr. Brady converted the total principal and accrued interest on the above notes into shares of common stock on the same terms and conditions as were applicable to the other investors in the 2013 Private Placement discussed in Note 8. The $750,000 convertible notes payable was valued at $820,202 on May 31, 2013 and $1,586,109 on the note conversion date of August 15, 2013. This change in fair value resulted in an expense of $765,907 during the twelve months ended December 31, 2013, respectively.

$520,000 Notes Payable:

IZEA, Inc.
Notes to the Consolidated Financial Statements

As discussed in Note 5, the Company entered into additional unsecured loan agreements with Mr. Brady. Pursuant to these agreements, the Company received short-term loans totaling $520,000 maturing on August 31, 2013. Although the notes did not contain a conversion feature, the Company permitted Mr. Brady to convert the $520,000 principal into shares of common stock on the same terms and conditions as were applicable to the other investors in the 2013 Private Placement. The difference between the carrying amount of the original notes and accrued interest of $523,016 was compared to the $1,082,642 fair value of the 2,092,064 shares of common stock and 2,092,064 warrants received on August 15, 2013 and since the transaction is considered to be with a related party, the difference of $559,626 was treated as a capital transaction and is included in additional paid-in capital as of December 31, 2013. The common stock equivalent value was based on the calculated indexed shares, the fair value of the common stock on the valuation date, and the fair value of the warrants using a binomial lattice model.

Compound Embedded Derivative
The Company concluded that the compound embedded derivative in its $550,000 senior secured promissory note issued on February 3, 2012 as discussed in Note 5 above required bifurcation and liability classification as derivative financial instruments because it was not considered indexed to the Company's own stock as defined in ASC 815, Derivatives and Hedging. On February 4, 2013, the Company satisfied all of its remaining obligations under its $550,000 senior secured promissory note when the noteholders converted the final balance owed of $112,150 into 773,983 shares of common stock at an average conversion rate of $.145 per share. The value of the compound embedded derivative on December 31, 2012 was $11,817 and its value on the conversion date of February 4, 2013 was $12,461. The Company recorded the value of the compound embedded derivative on the conversion date as a charge to additional paid-in capital. As of February 4, 2013, all convertible notes in which the conversion feature had been bifurcated and recorded at fair value, had been converted in full. The Company recorded an expense of $644 resulting from the change in the fair value of the compound embedded derivatives during the twelve months ended December 31, 2013.

NOTE 7. COMMITMENTS & CONTINGENCIES

Lease Commitments
Operating Leases
In December 2013, the Company moved its corporate headquarters to 480 N. Orlando Avenue, Suite 200 in Winter Park, Florida pursuant to a five year and five month sublease agreement that is renewable for one additional year until April 30, 2020. The Company leases approximately 15,500 square feet based on a variable $17.50 to $22.50 per square foot annual rate over the lease term. The Company also leases flexible office space under a month-to-month contract in Chicago, Los Angeles and New York.

Capital Leases
During 2013 and 2014, the Company entered into capital leases for equipment which expire on various dates between December 2015 and January 2016. Total obligations outstanding under the leases was $61,667 and $77,865 at December 31, 2014 and 2013, respectively. See Note 2 for more information on the Company's equipment under capital leases.

A summary of future minimum lease payments under the Company's non-cancelable leases as of December 31, 2014 is as follows:

Year ending December 31:	Capital Leases	Operating Leases
2015	$60,776	$287,394
2016	7,504	302,951
2017	—	318,508

2018	—	333,417
2019	—	113,516
Thereafter	—	
Total minimum lease payments	68,280	$1,355,786
Less amount representing interest	(6,613)	
Total principal lease payments	61,667	
Less current maturities	(54,376)	
Total long term obligations	$7,291	

Total rent expense recorded in general and administrative expense in the accompanying consolidated statements of operations was approximately $263,000 and $125,000 for the twelve months ended December 31, 2014 and 2013, respectively.

Retirement Plans

F- 17

In December 2007, the Company introduced a 401(k) plan that covered all eligible employees. The Company matches participant contributions in an amount equal to 50% of each participant's contribution up to 8% of the participant's salary. The participants become vested in 20% annual increments after two years of service. During the twelve months ended December 31, 2014 and 2013, the Company incurred $47,682 and $25,477, respectively, in expense for matching employer contributions.

Litigation
From time to time, the Company may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. Litigation is, however, subject to inherent uncertainties, and an adverse result in these or other matters may harm the Company's business. Other than as described below, the Company is currently not aware of any legal proceedings or claims that it believes would or could have, individually or in the aggregate, a material adverse effect on its operations or financial position.

On October 17, 2012, Blue Calypso, Inc. filed a complaint against the Company in the U.S. District Court for the Eastern District of Texas. Blue Calypso’s complaint alleges that the Company infringes on their patents related to peer-to-peer advertising between mobile communication devices and seeks unspecified damages. On July 19, 2013, Blue Calypso’s case against the Company was consolidated, along with patent infringement cases against Yelp, Inc. and Foursquare Labs, Inc., into Blue Calypso, Inc. v. Groupon, Inc. for all pretrial purposes, including discovery and claim construction.

On December 16, 2013, the Patent Trial and Appeal Board’s (PTAB) instituted a Covered Business Method Review (CBMR) for three of the five patents Blue Calypso asserts in its case against IZEA. In its decisions granting the CMBRs, the PTAB explained that several of Blue Calypso’s asserted patents are likely invalid. In particular, the PTAB found it more likely than not that each of these three patents was invalid based on two independent grounds of anticipation, and one ground of obviousness. Additionally, the PTAB preliminarily found it more likely than not that many of the claims of one of Blue Calypso’s patents were invalid due to a lack of written description. On January 16, 2014, the court granted a joint motion to stay Blue Calypso’s patent infringement case until the PTAB's review of Blue Calypso’s asserted patents is complete. On January 17, 2014, the PTAB expanded its review to all five of Blue Calypso’s assert patents.

On December 16, 2014, the PTAB issued its Final Decisions concerning the five patents-in-suit. The Final Decisions eliminated the vast majority of claims asserted by Blue Calypso. While some claims did survive the PTAB’s Final Decisions, those claims are potentially invalid in view of factual findings made by the PTAB. The PTAB decisions are now on appeal before the United States Court of Appeals for the Federal Circuit. The potential outcomes of these appeals ranges from invalidation of all of Blue Calypso’s asserted claims to complete reversal of the PTAB’s Final Decisions.
In view of the pending appeals to the United States Court of Appeals for the Federal Circuit, Defendants, including IZEA, have requested that the Eastern District of Texas Court keep the pending stay in place until resolution of the appeals. The Court has not yet ruled on Defendants’ motion to keep the stay in place.

At this stage, the Company does not have an estimate of the likelihood or the amount of any potential exposure to it. The Company believes that there is no merit to Blue Calypso’s suit and continues to vigorously defend itself against Blue Calypso’s allegations.

NOTE 8. STOCKHOLDERS' EQUITY (DEFICIT)

Authorized Shares
On April 17, 2014, the Company filed a certificate of amendment to its articles of incorporation to increase the number of authorized shares of its common stock from 100,000,000 shares to 200,000,000 shares. The amendment was adopted by stockholders holding a majority of the Company's outstanding shares of common stock by written

consent on April 16, 2014.

The Company also has authorized 10,000,000 shares of preferred stock with a par value of $0.0001 per share, of which no shares are outstanding as of December 31, 2014. On January 23, 2015, the Company filed a Certificate of Withdrawal of Certificate of Designation to eliminate the authorization of its series A convertible preferred stock, which shares had been fully converted and are no longer outstanding. As a result of the filing, such previously authorized shares of series A preferred stock return to being authorized, unissued and undesignated shares of preferred stock.

2014 Private Placement

On February 21, 2014, the Company completed a private placement pursuant to a Purchase Agreement dated as of February 12, 2014, for the issuance and sale of 34,285,728 shares of its common stock, at a purchase price of $0.35 per share, for gross proceeds of approximately $12,000,000 ("2014 Private Placement"). As part of the private placement, the investors received warrants to purchase up to 17,142,864 shares of the Company's common stock at an exercise price of $0.35 per share and warrants to purchase up to another 17,142,864 shares of the Company's common stock at an exercise price of $0.50 per share. The warrants expire on February 21, 2019.

IZEA, Inc.
Notes to the Consolidated Financial Statements

The net proceeds of $10,932,188 from the private placement, following the payment of $1,067,812 in offering-related expenses, are being used by the Company to focus on revenue growth through the acceleration of its sales and client relations activities and marketing initiatives, establishment of strategic partnerships and continuation of technology and engineering enhancements to its platforms, as well as to fund its working capital and capital expenditure requirements. At the closing of the private placement, the Company paid Craig-Hallum Capital Partners LLC, the exclusive placement agent for the private placement, cash compensation of $814,850 and two five-year warrants, one warrant to purchase up to 750,511 shares of the Company's common stock at an exercise price of $0.35 per share and another warrant to purchase up to 750,511 shares of the Company' common stock at an exercise price of $0.50 per share.

The Company agreed, pursuant to the terms of a registration rights agreement with the investors, to (i) file a shelf registration statement with respect to the resale of the shares of its common stock sold to the investors and shares of its common stock issuable upon exercise of the warrants with the SEC within the sooner of 60 days after the closing date or 10 business days after the Company filed its Annual Report on Form 10-K for the year ended December 31, 2013; (ii) use its commercially reasonable best efforts to have the shelf registration statement declared effective by the SEC as soon as possible after the initial filing, and in any event no later than 90 days after the closing date (or 120 days in the event of a full review of the shelf registration statement by the SEC); and (iii) keep the shelf registration statement effective until all registrable securities may be sold pursuant to Rule 144 under the Securities Act of 1933, without the need for current public information or other restriction. If the Company is unable to comply with any of the above covenants, it will be required to pay liquidated damages to the investors in the amount of 1% of the investors' purchase price per month until such non-compliance is cured, with such liquidated damages payable in cash. The Company filed a registration statement on Form S-1 related to these shares on April 7, 2014, which was declared effective by the SEC on May 14, 2014 (satisfying the terms of (i) and (ii) above). On February 21, 2015, the terms of (iii) were satisfied as securities may now be sold pursuant to Rule 144 one year after issuance.

2013 Private Placement

In accordance with a Private Placement Memorandum and Securities Purchase Agreement, from August 15, 2013 through September 23, 2013, the Company raised $2,182,500 in cash through the sale of 8,730,000 shares of its common stock at a price of $0.25 per share ("2013 Private Placement"). Additionally, the Company converted notes payable and accrued interest thereon totaling $1,376,618 into 5,506,472 shares of its common stock at an effective price of $0.25 per share. The Company also issued five-year warrants to purchase 7,118,236 shares of its common stock at an exercise price of $0.25 per share and five-year warrants to purchase 7,118,236 shares of its common stock at an exercise price of $0.50 per share. The net proceeds received from the 2013 Private Placement were used for general working capital purposes.

As discussed in Note 6, the Company determined that the warrants issued with the 2013 Private Placement require liability classification, thus they were reported at fair value and remeasured each reporting period, with the change in fair value recognized in the consolidated statement of operations. The initial fair value of these warrants on their issuance date totaled $2,344,899. Total costs of the private placement were $1,674,908 which included $178,389 in cash expenses, $2,344,899 related to the investor warrants noted above, less $848,380 related to change in fair value of Brady debt and loss on exchange of other convertible notes prior to conversion. As a result of the above transactions related to the private placement, the Company reported $1,884,210 (total equity value issued of $3,559,118 less costs of $1,674,908) as an increase in common stock and additional paid-in capital on the statement of stockholders deficit.

Pursuant to the terms of the Securities Purchase Agreement in the 2013 Private Placement, the Company filed a registration statement on Form S-1 with the SEC on October 16, 2013, which was declared effective by the SEC on November 8, 2013 for the registration of 8,730,000 shares of common stock and 174,732 shares underlying the warrants. The Company filed a registration statement on Form S-1 related to the remaining warrant shares on July 17, 2014, which was declared effective by the SEC on July 29, 2014. In July 2014, 450,000 shares underlying the $0.25

warrants were exercised for total proceeds of $112,500.

Convertible Securities

From October 2012 through December 2012, the holders of the Company's $550,000 senior secured promissory note converted $437,850 of note value into 2,069,439 shares of common stock at an average conversion rate of $.21 per share. On February 4, 2013, the Company satisfied all of its remaining obligations under its $550,000 senior secured promissory note when the noteholders converted the final balance owed of $112,150 into 773,983 shares of common stock at an average conversion rate of $.145 per share. The Company recorded the $12,461 value of the compound embedded derivative on February 4, 2013 as a charge to additional paid-in capital.

Additional Warrant Transactions

During the twelve months ended December 31, 2013, pursuant to private transactions with warrant holders, the Company redeemed warrants to purchase 5,001 shares of common stock for the same number of shares without the Company receiving any further

---

IZEA, Inc.
Notes to the Consolidated Financial Statements

cash consideration. As a result of the exchange, the Company recognized a loss on the exchange of the warrants in the amount $732 during the twelve months ended December 31, 2013.

On March 1, 2013, the Company entered into a $1.5 million secured credit facility agreement with Bridge Bank, N.A. of San Jose, California. In connection with this agreement, the Company issued a warrant with an expiration date after 5 years to purchase up to 58,139 shares of common stock for $15,000 ($.258 per share). This warrant met the conditions for equity classification and the fair value of $7,209, as determined using a binomial lattice option valuation technique, was recorded in the Company's consolidated balance sheet as an increase in loan acquisition costs and additional paid-in capital during the twelve months ended December 31, 2013.

On May 31, 2013, the Company signed a loan extension and conversion agreement with Brian W. Brady, a director of the Company, that extended the maturity date on its $750,000 notes payable to August 31, 2013. In consideration for the extension and conversion agreement, the Company issued Mr. Brady a warrant to purchase 1,000,000 shares of the Company's common stock at $0.25 per share for a period of five years. The Company also agreed that upon the first closing of its next private placement, completed on August 15, 2013, it would issue Mr. Brady an additional warrant to purchase 3,187,500 shares of the Company's common stock at $0.25 per share for a period of five years and 1,687,500 shares of restricted stock for future issuance upon the earlier of two years after the first closing or completion of a transaction resulting in a change of control of the Company. These warrants and restricted stock met the conditions for equity classification and the fair value of $706,000, as determined using a binomial lattice option valuation technique, was recorded in the Company's consolidated balance sheet as an increase in additional paid-in capital.

Stock Options
In May 2011, the Board of Directors adopted the 2011 Equity Incentive Plan of IZEA, Inc. (the “May 2011 Plan”). The May 2011 Plan allows the Company to grant options as an incentive for its employees and consultants. On April 16, 2014, upon consent from holders of a majority of the Company's outstanding voting capital stock, the Company increased the number of shares of common stock available for issuance under the May 2011 Plan from 11,613,715 to 20,000,000 shares. As of December 31, 2014, the Company had 8,171,242 shares of common stock available for future grants under the May 2011 Plan.

On August 22, 2011, the Company adopted the 2011 B Equity Incentive Plan (the “August 2011 Plan”) reserving for issuance an aggregate of 87,500 shares of common stock under the August 2011 Plan. As of December 31, 2014, the Company had no shares of common stock available for future grants under the August 2011 Plan.

Under both the May 2011 Plan and the August 2011 Plan (together, the "2011 Equity Incentive Plans"), the Board of Directors determines the exercise price to be paid for the shares, the period within which each option may be exercised, and the terms and conditions of each option. The exercise price of the incentive and non-qualified stock options may not be less than 100% of the fair market value per share of the Company’s common stock on the grant date. If an individual owns stock representing more than 10% of the outstanding shares, the price of each share of an incentive stock option must be equal to or exceed 110% of fair market value. Unless otherwise determined by the Board of Directors at the time of grant, the right to purchase shares covered by any options under the 2011 Equity Incentive Plans typically vest over the requisite service period as follows: 25% of options shall vest one year from the date of grant and the remaining options shall vest monthly, in equal increments over the following three years. The term of the options is up to ten years. The Company issues new shares to the optionee for any stock awards or options exercised pursuant to its equity incentive plans.

Explanation of Responses:

IZEA, Inc.
Notes to the Consolidated Financial Statements

A summary of option activity under the 2011 Equity Incentive Plans for the twelve months ended December 31, 2014 and 2013 is presented below:

Options Outstanding	Common Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Outstanding at December 31, 2012	391,977	$5.87	4.3
Granted	8,620,062	0.26	
Exercised	—	—	
Forfeited	(1,261,561)	0.49	
Outstanding at December 31, 2013	7,750,478	$0.51	8.1
Granted	4,358,831	0.38	
Exercised	(1,250)	0.24	
Forfeited	(194,285)	0.85	
Outstanding at December 31, 2014	11,913,774	$0.46	6.5
Exercisable at December 31, 2014	4,471,936	$0.58	7.6

During the twelve months ended December 31, 2014, options were exercised into 1,250 shares of common stock for cash proceeds of $300. The intrinsic value of these options was $295. During the twelve months ended December 31, 2013, no options were exercised. The outstanding options have an aggregate intrinsic value of $0 as of December 31, 2014. There is no aggregate intrinsic value on the exercisable options as of December 31, 2014 since the weighted average exercise price per share exceeded the fair value of $0.28 on such date.

A summary of the nonvested stock option activity under the 2011 Equity Incentive Plans for the twelve months ended December 31, 2014 and 2013 is presented below:

Nonvested Options	Common Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Years to Vest
Nonvested at December 31, 2012	308,627	$2.17	2.9
Granted	8,620,062	0.20	
Vested	(1,871,201)	0.36	
Forfeited	(1,248,125)	0.23	
Nonvested at December 31, 2013	5,809,363	$0.24	3.3
Granted	4,358,831	0.38	
Vested	(2,566,848)	0.23	
Forfeited	(159,508)	0.21	
Nonvested at December 31, 2014	7,441,838	$0.20	3.0

Stock-based compensation cost related to stock options granted under the 2011 Equity Incentive Plans is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee’s requisite service period. The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option-pricing model that uses the assumptions stated in Note 1. Total stock-based compensation expense recognized on awards outstanding during the twelve months ended December 31, 2014 and 2013 was $538,263 and $725,254, respectively. Stock-based compensation expense is recorded as a general and administrative expense in the Company's consolidated statements of operations. Future compensation related to nonvested awards expected to vest of $1,366,415 is estimated to be recognized over the weighted-average vesting period of approximately three years.

Employee Stock Purchase Plan
On April 16, 2014, stockholders holding a majority of the Company's outstanding shares of common stock, upon previous recommendation and approval of the Board of Directors, adopted the IZEA, Inc. 2014 Employee Stock Purchase Plan (the “ESPP”) and reserved 1,500,000 shares of the Company's common stock for issuance thereunder. Any employee regularly employed by our company for 90 days or more on a full-time or part-time basis (20 hours or more per week on a regular schedule) will be eligible to participate in the ESPP. The ESPP will operate in successive six month offering periods commencing at the beginning of each fiscal year half. Each eligible employee who has elected to participate may purchase up to 10% of their annual compensation

---

IZEA, Inc.
Notes to the Consolidated Financial Statements

in common stock not to exceed $21,250 annually or 20,000 shares per offering period. The purchase price will be the lower of (i) 85% of the fair market value of a share of common stock on the first trading day of the offering period or (ii) 85% of the fair market value of a share of common stock on the last trading day of the offering period. The ESPP will continue until January 1, 2024, unless otherwise terminated by the Board. As of December 31, 2014, $1,810 subscription payments were received to purchase 7,603 shares at the end of the offering period on December 31, 2014. As of December 31, 2014, the Company had 1,492,397 shares of common stock available for future grants under the ESPP.

Restricted Stock Issued for Services
On January 3, 2013, the Company issued 60,000 shares of restricted stock valued at $15,900 pursuant to a twelve-month compensation arrangement with Mitchel J. Laskey for his service as a director and Chairman of the Company's Board of Directors.

On January 3, 2013, the Company issued 20,000 shares of restricted stock valued at $4,820 in order to pay for a small asset purchase.

Effective January 3, 2013, the Company entered into a twelve-month agreement to pay $4,000 per month beginning January 2013 to a firm which would provide investor relations services. In accordance with the agreement, the Company issued 100,000 shares of restricted common stock valued at $26,500 on January 15, 2013 and agreed to issue an additional 100,000 restricted shares on or before July 15, 2013. This agreement was mutually terminated on May 1, 2013 for no further cash consideration with the Company agreeing to issue the final installment of 100,000 shares of restricted common stock valued at $25,000 upon the termination of the agreement.

On May 16, 2013, the Company issued 30,000 shares of restricted common stock valued at $6,000 to settle an outstanding balance with a vendor.

On September 30, 2013, the Company entered into an agreement pursuant to which it issued 823,090 shares of restricted common stock, at an effective price of $0.35 per share, to settle a $288,081 balance owed for legal services.

Effective October 1, 2013, the Company entered into a six-month agreement to pay $5,000 per month to a firm which would provide investor relations services. In accordance with the agreement, the Company also issued 50,000 shares of restricted common stock valued at $19,000 on October 1, 2013, which is being amortized over the six month service period. $9,500 of this value was recognized as general and administrative expense on the accompanying consolidated statement of operations for each of the twelve months ended December 31, 2014 and 2013.

The Company issued 85,661 shares of restricted common stock valued at $25,000 to each Brian W. Brady and Dan R. Rua for their service as directors of the Company during the twelve months ended December 31, 2013.

Effective January 1, 2014, the Company entered into a one year agreement to pay $7,500 per month and 100,000 shares of restricted stock per quarter to a firm to provide investor relations services. In accordance with the agreement, the Company issued 100,000 shares of restricted common stock valued at $30,110 on January 1, 2014 and 100,000 shares of restricted common stock valued at $52,000 on April 1, 2014. This agreement was canceled in June 2014 and no further amounts are owed.

The Company issued 64,144 shares of restricted common stock valued at $25,000 to each Brian W. Brady, Lindsay A. Gardner and Dan R. Rua for their service as directors of our company during the year ended December 31, 2014.

The following table contains summarized information about nonvested restricted stock outstanding during the twelve months ended December 31, 2014 and 2013:

Restricted Stock	Common Shares
Nonvested at December 31, 2012	48,582
Granted	1,354,412
Vested	(1,402,994)
Forfeited	—
Nonvested at December 31, 2013	—
Granted	392,432
Vested	(392,432)
Forfeited	—
Nonvested at December 31, 2014	—

IZEA, Inc.
Notes to the Consolidated Financial Statements

Total stock-based compensation expense recognized for vested restricted stock awards during the twelve months ended December 31, 2013 was $443,588, of which $14,027 is included in sales and marketing expense and $429,561 is included in general and administrative expense. Total stock-based compensation expense recognized for vested restricted stock awards during the twelve months ended December 31, 2014 was $166,610 and is included in general and administrative expense in the consolidated statements of operations. The fair value of the services is based on the value of the Company's common stock over the term of service.

NOTE 9. INCOME TAXES

The components of the Company’s net deferred income taxes are as follows (rounded):

	December 31, 2014	December 31, 2013
Deferred tax assets:		
Net operating loss carry forwards	$10,643,000	$9,171,000
Accrued expenses	92,000	72,000
Depreciation and amortization	4,000	23,000
Stock option and warrant expenses	441,000	285,000
Deferred rent	40,000	5,000
Other	3,000	2,000
Gross deferred income tax assets	11,223,000	9,558,000
Valuation allowance	(11,223,000)	(9,558,000)
Total deferred income tax assets	$—	$—

The following summary reconciles differences from taxes at the federal statutory rate with the effective rate:

	Years Ended December 31, 2014	2013
Federal income tax at statutory rates	(34.0)%	(34.0)%
Change in deferred tax asset valuation allowance	(52.3)%	30.0%
Deferred state taxes	4.6%	(2.8)%
Non-deductible expenses:		
Meals & entertainment	(0.4)%	0.3%
Change in fair value of warrants	83.8%	2.6%
ISO stock compensation	(1.3)%	1.0%
Other	(0.4)%	2.9%
Income taxes (benefit) at effective rates	—%	—%

The Company has incurred net losses since inception. At December 31, 2014, the Company had approximately $28,588,000 in net operating loss carryforwards for U.S. federal and state income tax purposes that expire in various amounts between the years of 2026 and 2033. The Company's ability to deduct its historical net operating losses may be limited in the future due to IRC Section 382 limitations as a result of the substantial issuances of common stock in 2012, 2013 and 2014. The change in valuation allowance for the years ended December 31, 2014 and 2013 was an increase of $1,665,000 and $997,000, respectively, resulting primarily from net operating losses generated during the periods.

NOTE 10. EARNINGS PER COMMON SHARE

Basic earnings per share is computed by dividing the net income or loss by the weighted-average number of shares of common stock outstanding during each period presented. Diluted earnings per share is computed by dividing the net income or loss by the weighted-average number of shares of common stock outstanding plus the additional dilutive securities that could be exercised or converted into common shares during each period presented less the amount of shares that could be repurchased using the proceeds from the exercises.

IZEA, Inc.
Notes to the Consolidated Financial Statements

	Twelve Months Ended	
	December 31, 2014	December 31, 2013
Net Income (Loss)	$3,184,064	$(3,321,992)
Weighted average shares outstanding - basic	52,327,088	12,400,366
Basic income (loss) per share	$0.06	$(0.27)
Net Income (Loss)	$3,184,064	$(3,321,992)
Weighted average shares outstanding - basic	52,327,088	12,400,366
Potential shares from "in-the-money" options	8,030,904	—
Potential shares from "in-the-money" warrants	26,518,195	—
Potential shares from converted restricted stock units	1,765,649	—
Less: Shares assumed repurchased under the Treasury Stock Method	(25,241,756)	—
Weighted average shares outstanding - diluted	63,400,080	12,400,366
Diluted income (loss) per share	$0.05	$(0.27)

The Company excluded the following items from the above computation of diluted earnings per common share as their effect would be anti-dilutive:

	Twelve Months Ended	
	December 31, 2014	December 31, 2013
Stock options	1,238,487	7,750,478
Warrants	22,586,307	18,605,999
Restricted stock units	—	1,687,500
Total excluded shares	23,824,794	28,043,977

NOTE 11. RELATED PARTY TRANSACTIONS

During the twelve months ended December 31, 2014, the Company incurred approximately $75,000 in legal fees payable to Northwest Broadcasting, Inc. where Brian Brady, a director, is the President and Chief Executive Officer. The legal fees are included as part of the offering related expenses in the 2014 Private Placement.

NOTE 12. SUBSEQUENT EVENTS

On January 30, 2015, the Company purchased of all of the outstanding shares of capital stock of Ebyline, Inc. (“Ebyline”), pursuant to the terms of a Stock Purchase Agreement, dated as of January 27, 2015, by and among IZEA, Ebyline and the stockholders of Ebyline.
The aggregate consideration payable by the Company will be an amount in the aggregate of up to $8,850,000, including a cash payment made at closing of $1,200,000, a stock issuance six months after the closing valued at $250,000, up to an additional $1,900,000 in two equal installments of $950,000 on the first and second anniversaries of the closing (subject to proportional reduction in the event Ebyline’s final 2014 revenue is below $8,000,000), and up to $5,500,000 in performance payments based on Ebyline meeting certain revenue targets for each of the three years ending December 31, 2015, 2016 and 2017 (subject to the continued employment by the Company of William Momary Jr. or Allen Narcisse and subject to proportional payment adjustments if at least 90% of such amounts are met or no payment if such amounts are less than 90%). Both the $1,900,000 in annual payments and the $5,500,000 in

performance payments may be made in cash or common stock, at the Company's option. The performance payments will be made only if Ebyline achieves at least 90% of Content-Only Revenue, as defined in the agreement, of $17,000,000 in 2015, $27,000,000 in 2016 and $32,000,000 in 2017. If Ebyline achieves at least 90% but less than 100% of the Content-Only Revenue targets, the performance payments owed of $1,800,000, $1,800,000 and $1,900,000 for each of the three years ending December 31, 2015, 2016 and 2017, respectively, will be subject to adjustment.

Table of Contents

Future cash payments and common stock issuances may be withheld to satisfy indemnifiable claims made by the Company with respect to any misrepresentations or breaches of warranty under the Stock Purchase Agreement by Ebyline or the stockholders of Ebyline within two years after the closing of the acquisition.
At closing, the Company entered into three-year employment agreements with William Momary Jr., Ebyline's Chief Executive Officer, and Allen Narcisse, Ebyline's Chief Financial Officer, who will continue to serve as the Company's Senior Vice President of Content and Senior Vice President of Corporate Development, respectively.

Table of Contents

27,565,517 Shares

Common Stock

PROSPECTUS

April __, 2015

Table of Contents

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table provides information regarding the various actual and anticipated expenses payable by us in connection with the issuance and distribution of the securities being registered hereby. All amounts shown are estimates except the Securities and Exchange Commission registration fee.

Nature of Expense	Amount
SEC registration fee	$—
Accounting fees and expenses	2,500
Legal fees and expenses	2,500
Miscellaneous	—
Total	$5,000

Item 14. Indemnification of Directors and Officers.

Our directors and officers are indemnified as provided by the Nevada Statutes and our bylaws. We have agreed to indemnify each of our directors and certain officers against certain liabilities, including liabilities under the Securities Act of 1933. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the provisions described above, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

We have been advised that in the opinion of the Securities and Exchange Commission indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of our legal counsel the matter has been settled by controlling precedent, submit the question of whether such indemnification is against public policy to a court of appropriate jurisdiction. We will then be governed by the court's decision.

Limitation of Liability of Directors

Our Articles of Incorporation provide that, to the fullest extent permitted by the Nevada Revised Statutes, no director of the company will be personally liable to the company or its stockholders for monetary damages for breach of fiduciary duty as a director.

Table of Contents

Item 15. Recent Sales of Unregistered Securities.

The following is a summary of transactions within the last three years involving sales of our securities that were not registered under the Securities Act:

Sale of Securities

We issued 598 and 85 shares of our common stock on September 2, 2011 and December 20, 2011, respectively, upon exercise of stock options pursuant to our equity incentive plans. We issued approximately 63 and 488 shares of our common stock on February 9, 2012 and March 16, 2012, respectively, upon exercise of stock options pursuant to our equity incentive plans.

On February 3, 2012, we issued a senior secured promissory note in the principal amount of $550,000 with an original issuance discount of $50,000, plus $3,500 in lender fees to two of our existing shareholders. In connection with the note, we incurred expenses of $21,800 for legal and other fees. Accordingly, net cash proceeds from the note amounted to $474,400. The holders were permitted to convert the outstanding principal amount of the note at a conversion price of 90% of the closing price of our common stock. From October 2012 through December 2012, the holders of this promissory note converted $437,850 of note value into 2,069,439 shares of our common stock at an average conversion rate of $.21 per share. On February 4, 2013, we satisfied all of our remaining obligations under this note when the holders converted the final balance owed of $112,150 into 773,983 shares of our common stock at an average conversion rate of $.145 per share.

On May 8 and 15, 2012, we sold a total of 274,224 shares of our common stock at a purchase price of $5 per share, receiving gross proceeds of $1,371,120, in a private placement to accredited investors, pursuant to the terms of a Common Stock Purchase Agreement. We incurred expenses of $149,262 in regards to the private placement and thus received $1,221,858 in net proceeds. Pursuant to the terms of a Registration Rights Agreement, we timely filed a registration statement with the SEC for purposes of registering the resale of the shares of common stock sold in the private placement on June 6, 2012. This registration statement was declared effective by the SEC on September 5, 2012.

On August 1, 2012, Edward H. (Ted) Murphy, our President and Chief Executive Officer, purchased 8,000 shares of our common stock directly from the company in a private transaction approved by disinterested members of our Board of Directors. Mr. Murphy paid a total purchase price of $19,200 or $2.40 per common share, the market price on August 1, 2012.

On August 6, 2012, Ryan S. Schram, our Chief Marketing Officer, purchased 8,000 shares of our common stock directly from the company in a private transaction approved by our Board of Directors. Mr. Schram paid a total purchase price of $19,200 or $2.40 per common share.

On August 6, 2012, Brian W. Brady, a private investor who became a director of our company on August 7, 2012, made a private investment of $100,000 for the purchase of 41,667 shares of our common stock at $2.40 per share. In accordance with the terms of the stock subscription agreement, if our public offering was priced and sold below $2.40 per share within 120 days following the closing of his investment, we would issue additional shares to him, effectively adjusting the purchase price per share to 10% below the public offering price, with a floor of $0.50 per share. Mr. Brady also received 35,000 shares of our restricted common stock and received a $10,000 cash finance fee upon the closing of the public offering. On September 11, 2012, we issued an additional 69,445 shares of common stock to Mr. Brady, so that he received a total of 111,112 shares at an effective price of $0.90 per share.

From August 15, 2013 through September 23, 2013, we raised $2,182,500 in cash through the sale of 8,730,000 shares of our common stock at a price of $0.25 per share in a private placement of our shares (the "2013 Private Placement"). Additionally, we converted notes payable and accrued interest thereon totaling $1,376,618 into 5,506,472 shares of our common stock at an effective price of $0.25 per share. We also issued fully-exercisable, five-year warrants to purchase 7,118,236 shares of our common stock at an exercise price of $0.25 per share and fully-exercisable, five-year warrants to purchase 7,118,236 shares of our common stock at an exercise price of $0.50 per share. Pursuant to the terms of the Securities Purchase Agreement in the 2013 Private Placement, we filed a registration statement on Form S-1 (No. 333-191743) with the SEC on October 16, 2013, for purposes of registering the resale of these shares of common stock and a portion of the shares underlying the warrants. This registration statement, as amended, was declared effective by the SEC on November 8, 2013. We later filed a registration statement on Form S-1 (No. 333-197482) with the SEC on July 17, 2014, for purposes of registering the remaining portion of the shares underlying the warrants. This registration statement was declared effective by the SEC on July 29, 2014.

Table of Contents

On February 21, 2014, we completed a private placement pursuant to a Purchase Agreement dated as of February 12, 2014, for the issuance and sale of 34,285,728 shares of our common stock, at a purchase price of $0.35 per share, to a number of institutional and other accredited investors, for gross proceeds of $12,000,000 (the "2014 Private Placement"). As part of the private placement, the investors received warrants to purchase up to 17,142,864 shares of our common stock at an exercise price of $0.35 per share and warrants to purchase up to another 17,142,864 shares of our common stock at an exercise price of $0.50 per share. The warrants will expire on February 21, 2019, five years after the date on which they were issued. At the closing of the private placement, we paid Craig-Hallum Capital Partners LLC, the exclusive placement agent for the private placement, cash compensation of $814,850 and two five-year warrants - one warrant to purchase up to 750,511 shares of our common stock at an exercise price of $0.35 per share and another warrant to purchase up to 750,511 shares of our common stock at an exercise price of $0.50 per share.

The net proceeds from the private placement, following the payment of offering-related expenses, are being used by us to focus on revenue growth through the acceleration of our sales and client relations activities and marketing initiatives, establishment of strategic partnerships and continuation of technology and engineering enhancements to our platforms, as well as to fund our working capital and capital expenditure requirements. At the closing of the private placement, we paid Craig-Hallum Capital Partners LLC, the exclusive placement agent for the private placement, cash compensation of $814,850 and two five-year warrants - one warrant to purchase up to 750,511 shares of our common stock at an exercise price of $0.35 per share and another warrant to purchase up to 750,511 shares of our common stock at an exercise price of $0.50 per share.

We agreed, pursuant to the terms of a registration rights agreement with the investors, to (i) file a shelf registration statement with respect to the resale of the shares of our common stock sold to the investors and shares of our common stock issuable upon exercise of the warrants with the SEC within the sooner of 60 days after the closing date or 10 business days after we filed our Annual Report on Form 10-K for the year ended December 31, 2013; (ii) use our commercially reasonable best efforts to have the shelf registration statement declared effective by the SEC as soon as possible after the initial filing, and in any event no later than 90 days after the closing date (or 120 days in the event of a full review of the shelf registration statement by the SEC); and (iii) keep the shelf registration statement effective until all registrable securities may be sold pursuant to Rule 144 under the Securities Act of 1933, without the need for current public information or other restriction. If we are unable to comply with any of the above covenants, we will be required to pay liquidated damages to the investors in the amount of 1% of the investors’ purchase price per month until such non-compliance is cured, with such liquidated damages payable in cash. We filed a registration statement on Form S-1 related to these shares on April 7, 2014, which was declared effective by the SEC on May 14, 2014 (satisfying the terms of (i) and (ii) above).

Issuance of Common Stock for Services

During May and July 2012, we entered into seven agreements to issue a total of 135,548 shares of restricted common stock for celebrity endorsements of our products and services (primarily related to the launch of our new Staree platform). In the majority of the agreements, the restricted stock vested 25% immediately upon the signing of the agreements and then vested 6.25% per month over the following 12 months. Pursuant to the terms of the agreements, we agreed to offer piggyback registration rights to all the holders of these shares upon filing of our next registration statement.

On June 12, 2012, we issued 1,200 shares of restricted common stock to our investors' counsel in order to pay for legal services totaling $6,000 related to the issuance of the $75,000 convertible promissory note.

On July 2, 2012, we issued 71,221 shares of restricted common stock to our former legal counsel in order to pay for general legal services totaling $356,103.

On January 3, 2013, we issued 60,000 shares of restricted stock pursuant to a twelve-month compensation arrangement with Mitchel J. Laskey for his service as a director and Chairman of our Board of Directors.

On January 3, 2013, we issued 20,000 shares of restricted stock valued at $4,820 in order to pay for a small asset purchase.

In January 2013 and May 2013, we issued a total of 200,000 shares of restricted common stock valued at $53,850 for investor relations services.

On May 16, 2013, we issued 30,000 shares of restricted common stock valued at $6,000 to settle an outstanding balance with a vendor.

Table of Contents

On September 30, 2013, we entered into an agreement pursuant to which we issued 823,090 shares of restricted common stock, at an effective price of $0.35 per share, to settle a $288,081 balance owed for legal services. Under the terms of the agreement, we agreed to register these shares upon filing of our next registration statement. Due to the large number of securities for which we requested registration, we were only able to register 411,545 of these shares. We filed a registration statement with the SEC on Form S-1 on October 16, 2013. This registration statement was declared effective by the SEC on November 8, 2013.

Effective October 1, 2013, we entered into a six-month agreement to pay $5,000 per month to a firm which would provide investor relations services. In accordance with the agreement, we also issued 50,000 shares of restricted common stock valued at $19,000 on October 1, 2013.

We issued 85,661 shares of restricted common stock valued at $25,000 to each Brian W. Brady and Dan R. Rua for their service as directors of our company during the year ended December 31, 2013.

Effective January 1, 2014, we entered into a one-year agreement to pay $7,500 per month and 100,000 shares of restricted stock per quarter to a firm to provide investor relations services. In accordance with the agreement, we issued 100,000 shares of restricted common stock valued at $30,110 on January 1, 2014 and 100,000 shares of restricted common stock valued at $52,000 on April 1, 2014. This agreement was canceled in June 2014 and no further amounts are owed.

On December 31, 2014, we issued 64,144 shares of restricted common stock valued at $25,000 to each Brian W. Brady, Lindsay A. Gardner and Dan R. Rua for their service as directors of our company during the year ended December 31, 2014.

Warrant Exchange

Between May 2012 and February 2013, pursuant to private transactions, 24 warrant holders exchanged their warrants to purchase an aggregate of 140,783 shares of common stock for the same number of shares without any further cash consideration. These transactions were effected in order to reduce the overhang represented by the warrants issued in our May 2011 reverse merger and private placement.

The issuance of the shares of common stock and other securities in the transactions described were not registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act. These securities may not be offered or sold in the United States in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

Table of Contents

EXHIBITS

3.1	Articles of Incorporation (Incorporated by reference to the Company’s registration statement on Form S-1 filed with the SEC on July 2, 2010).
3.2	Certificate of Amendment to the Articles of Incorporation (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on February 15, 2013).
3.3	Certificate of Amendment to the Articles of Incorporation (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on May 16, 2011).
3.4	Bylaws (Incorporated by reference to the Company’s registration statement on Form S-1 filed with the SEC on July 2, 2010).
3.5	Certificate of Designation (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on May 27, 2011).
3.6	Amendment to Certificate of Designation (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on May 27, 2011).
3.7	Certificate of Change of IZEA, Inc., filed with the Nevada Secretary of State on July 30, 2012 (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on August 1, 2012).
3.8	Certificate of Amendment to Articles of Incorporation filed with the Secretary of State of the State of Nevada on April 17, 2014 (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on April 18, 2014).
3.9	Certificate of Withdrawal of Certificate of Designation filed with the Secretary of State of the State of Nevada effective January 23, 2015 (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on January 29, 2015).
4.1	Form of Warrant to Purchase Common Stock of IZEA, Inc. issued to Investors in the 2013 Private Placement (Incorporated by reference to Form 8-K, filed with the SEC on August 21, 2013).
4.2	Form of Warrant to Purchase Common Stock of IZEA, Inc. issued to Investors in the 2014 Private Placement (Incorporated by reference to Form 8-K, filed with the SEC on February 24, 2014).
5.1	Opinion of Olshan Frome Wolosky LLP as to the validity of the common stock (incorporated by reference to the Company's Registration Statement Post-Effective Amendment No. 1 on Form S-1, filed with the SEC on April 24, 2015).
10.1	Amended 2011 Equity Incentive Plan as of February 6, 2013 (Incorporated by reference to Form 10-K, filed with the SEC on March 29, 2013).
10.2	Financing Agreement between the Company and Bridge Bank, dated March 1, 2013 (Incorporated by reference to Form 10-K, filed with the SEC on March 29, 2013).
10.3	Loan Agreement and Promissory Note between IZEA, Inc. and Brian W. Brady dated April 11, 2013 (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on April 16, 2013).
10.4	Loan Agreement and Promissory Note between IZEA, Inc. and Brian W. Brady dated May 22, 2013 (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on May 28, 2013).
10.5	Loan Extension between IZEA, Inc. and Brian W. Brady dated May 31, 2013 (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on June 3, 2013).
10.6	Loan Agreement and Promissory Note between IZEA, Inc. and Brian W. Brady dated June 7, 2013 (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on June 21, 2013).
10.7	Loan Agreement and Promissory Note between IZEA, Inc. and Brian W. Brady dated June 14, 2013 (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on June 21,

	2013).
10.8	Loan Agreement and Promissory Note between IZEA, Inc. and Brian W. Brady dated July 25, 2013 (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on July 30, 2013).
10.9	Loan Agreement and Promissory Note between IZEA, Inc. and Brian W. Brady dated August 12, 2013 (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2013).
10.10	Form of Securities Purchase Agreement executed by IZEA, Inc. and Investors in the 2013 Private Placement (Incorporated by reference to Form 8-K, filed with the SEC on August 21, 2013).
10.11	Form of Securities Purchase Agreement, dated as of February 12, 2014, by and among IZEA, Inc. and the Investors (Incorporated by reference to Form 8-K, filed with the SEC on February 19, 2014).

Table of Contents

10.12		Form of Registration Rights Agreement, dated as of February 21, 2014, among IZEA, Inc. and each of the Investors (Incorporated by reference to Form 8-K, filed with the SEC on February 24, 2014).
10.13		Amended and Restated 2011 Equity Incentive Plan as of April 16, 2014 (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on April 18, 2014).
10.14		2014 Employee Stock Purchase Plan (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on April 18, 2014).
10.15		Employment Agreement between IZEA, Inc. and LeAnn Hitchcock dated August 25, 2014 (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on August 25, 2014).
10.16		Employment Agreement between IZEA, Inc. and Edward Murphy dated December 26, 2014 (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on December 31, 2014).
10.17		Employment Agreement between IZEA, Inc. and Ryan Schram dated January 25, 2015 (Incorporated by reference to the Company’s current report on Form 8-K filed with the SEC on January 29, 2015).
10.18		Stock Purchase Agreement, dated as of January 27, 2015, by and among IZEA, Inc., Ebyline, Inc. and the Stockholders of Ebyline, Inc. listed on the signature pages thereto (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on January 29, 2015).
10.19		Business Financing Modification Agreement between IZEA, Inc., Ebyline, Inc. and Bridge Bank, NA, dated as of April 13, 2015 (Incorporated by reference to the Company's current report on Form 8-K filed with the SEC on April 14, 2015).
21.1		List of Subsidiaries (Incorporated by reference to the Company’s Annual Report on Form 10-K filed with the SEC on March 19, 2015).
23.1	*	Consent of Cross, Fernandez & Riley, LLP.
23.2		Consent of Olshan Frome Wolosky LLP (incorporated by reference to the Company's Registration Statement Post-Effective Amendment No. 1 on Form S-1, filed with the SEC on April 24, 2015).
24.1		Power of Attorney (set forth on the signature page of the Company's Registration Statement on Form S-1, filed with the SEC on April 24, 2015).
101	***	The following materials from IZEA, Inc.'s Annual Report on Form 10-K for the twelve months ended December 31, 2014 are formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statement of Stockholders' Equity (Deficit), (iv) the Consolidated Statements of Cash Flow, and (iv) Notes to the Consolidated Financial Statements.

* Filed herewith.

** In accordance with Item 601of Regulation S-K, this Exhibit is hereby furnished to the SEC as an accompanying document and is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

*** In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Table of Contents

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) For determining liability of the undersigned registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will,

unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) or under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(d) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in Winter Park, Florida on April 30, 2015 .

IZEA, Inc.
a Nevada corporation

April 30, 2015 By: /s/ Edward H. Murphy
Edward H. Murphy
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

April 30, 2015 By: /s/ LeAnn C. Hitchcock
LeAnn C. Hitchcock
Chief Financial Officer
(Principal Financial and Accounting Officer)

Table of Contents

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Edward H. Murphy Edward H. Murphy President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	April 30, 2015
/s/ LeAnn C. Hitchcock LeAnn C. Hitchcock Chief Financial Officer (Principal Financial and Accounting Officer)	April 30, 2015
/s/ Ryan S. Schram * Ryan S. Schram Chief Operating Officer and Director	April 30, 2015
/s/ Brian W. Brady * Brian W. Brady Director	April 30, 2015
/s/ John H. Caron * John H. Caron Director	April 30, 2015
/s/ Lindsay A. Gardner * Lindsay A. Gardner Director	April 30, 2015
/s/ Daniel R. Rua * Daniel R. Rua Director	April 30, 2015
*By: /s/ LeAnn C. Hitchcock LeAnn C. Hitchcock Attorney-in-fact	April 30, 2015