

MOBIVITY HOLDINGS CORP.  
Form S-1/A  
July 11, 2014

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As filed with the Securities and Exchange Commission on July 11, 2014

Registration No. 333-196084

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1  
to  
FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

MOBIVITY HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

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

58 West Buffalo Street, Suite 200  
Chandler, Arizona 85225  
(866) 622-4261

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

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Dennis Becker  
58 West Buffalo Street, Suite 200  
Chandler, Arizona 85225  
(866) 622-4261

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

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

Approximate date of commencement of proposed sale to the public:

As soon as practicable after this Registration Statement becomes effective.

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

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

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

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CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered (1) | Proposed maximum offering price per share (2) | Proposed maximum aggregate offering price (2) | Amount of registration fee (2) |
|--|-----------------------------|---|---|--------------------------------|
| Common Stock, \$.001 par value per share           | 23,577,949 shares           | \$1.35  | \$31,830,231                                  | \$4,100.00                     |

(1) In addition, pursuant to Rule 416 under the Securities Act of 1933, this Registration Statement includes an indeterminate number of additional shares as may be issuable as a result of stock splits or stock dividends which occur during this continuous offering.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. Filing fees in the amount of \$4,020.00 have previously been paid.

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

SUBJECT TO COMPLETION, DATED JULY 11, 2014

PROSPECTUS

23,577,949 Shares

Mobivity Holdings Corp.

Common Stock

This prospectus relates to shares of common stock of Mobivity Holdings Corp. that may be offered for sale for the account of the selling stockholders identified in this prospectus. The selling stockholders may offer and sell from time to time up to 23,577,949 shares of our common stock, which amount includes 7,056,793 shares to be issued to the selling stockholders only if and when they exercise warrants held by them.

The shares owned by the selling stockholders may be sold in the over-the-counter market, or otherwise, at prices and terms then prevailing or at prices related to the then-current market price, or in negotiated transactions. Although we will incur expenses in connection with the registration of the common stock, we will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders. We will receive gross proceeds of up to \$8,468,152 from the exercise of the warrants, if and when they are exercised.

Our common stock is quoted on the OTC Markets under the symbol "MFON". The last reported sale price of our common stock as reported by the OTC Markets on July 10, 2014 was \$1.15 per share .

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

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

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

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The date of this prospectus is \_\_\_\_\_, 2014



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

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

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SUMMARY

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

On November 12, 2013, we effected a 1 for 6 reverse stock split of our outstanding common shares. All share amounts and share prices, including the exercise price and the number of common shares issuable under our outstanding options and warrants, have been adjusted to give effect to the reverse stock split.

Our Company

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

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

The Offering

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

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## Summary Financial Information

The following summary financial data for the fiscal years ended December 31, 2013 and 2012 is derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary financial data as of and for the three months ended March 31, 2014 has been derived from our unaudited financial statements and the related notes thereto included elsewhere in this prospectus. This information is only a summary and does not provide all of the information contained in our financial statements and related notes. You should read “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 21 of this prospectus and our financial statements and related notes included elsewhere in this prospectus.

|                               | Three<br>Months<br>Ended<br>March 31,<br>2014<br>(Unaudited) | Fiscal Year<br>Ended<br>December<br>31, 2012 | Fiscal Year<br>Ended<br>December<br>31, 2013 |
|-------------------------------|--|--|--|
| Statement of Operations Data: |  |  |  |
| Net sales                     | \$903,215  | \$4,079,745                                  | \$4,093,667                                  |
| Net loss                      | \$1,763,748  | \$7,338,927                                  | \$16,759,031                                 |
| Balance Sheet Data:           |  |  |  |
|                               |  |  | March 31,<br>2014<br>(Unaudited)             |
| Total assets                  |  |  | \$13,960,411                                 |
| Total liabilities             |  |  | 3,777,958                                    |
| Stockholders’ equity          |  |  | 10,182,453                                   |



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RISK FACTORS

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

Risks Relating to Our Business

We may need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all. As of March 31, 2014, we had approximately \$3,222,533 of working capital. While we believe that our working capital on hand will be sufficient to fund our 12 month plan of operations, there can be no assurance that we will not require significant additional capital. In the event we require additional capital we will endeavor to raise additional funds through various financing sources, including the sale of our equity and debt securities and the procurement of commercial debt financing, with a bias toward debt financing over equity raisings. However, there can be no guarantees that such funds will be available on commercially reasonable terms, if at all. If such financing is not available on satisfactory terms, we may be unable to expand or continue our business as desired and operating results may be adversely affected. Any debt financing will increase expenses and must be repaid regardless of operating results and may involve restrictions limiting our operating flexibility. If we issue equity securities to raise additional funds, the percentage ownership of our existing stockholders will be reduced and our stockholders may experience additional dilution in net book value per share.

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

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

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We may not be able to enhance our mobile marketing and advertising platform to keep pace with technological and market developments, or to remain competitive against potential new entrants in our markets. The market for mobile marketing and advertising services is emerging and is characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. Our current platform and services may not in the future be acceptable to marketers and advertisers. To keep pace with technological developments, satisfy increasing customer requirements and achieve acceptance of our marketing and advertising campaigns, we will need to enhance our current mobile marketing solutions and continue to develop and introduce on a timely basis new, innovative mobile marketing services offering compatibility, enhanced features and functionality on a timely basis at competitive prices. Our inability, for technological or other reasons, to enhance, develop, introduce and deliver compelling mobile marketing services in a timely manner, or at all, in response to changing market conditions, technologies or customer expectations could have a material adverse effect on our operating results or could result in our mobile marketing services platform becoming obsolete. Our ability to compete successfully will depend in large measure on our ability to maintain a technically skilled development and engineering staff and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of our mobile marketing services platform with evolving industry standards and protocols.

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

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

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



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

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

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

implement additional management information systems;

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

hire additional personnel;

develop additional levels of management within our company;

locate additional office space in various countries; and

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

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

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The gathering, transmission, storage and sharing or use of personal information could give rise to liabilities or additional costs of operation as a result of governmental regulation, legal requirements, civil actions or differing views of personal privacy rights. We transmit and store a large volume of personal information in the course of providing our services. Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we receive from our customers and their users. Any failure, or perceived failure, by us to comply with U.S. federal, state, or international privacy or consumer protection-related laws, regulations or industry self-regulatory principles could result in proceedings or actions against us by governmental entities or others, which could potentially have an adverse effect on our business, operating results and financial condition. Additionally, we may also be contractually liable to indemnify and hold harmless our customers from the costs or consequences of inadvertent or unauthorized disclosure of their customers' personal data which we store or handle as part of providing our services.

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

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

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

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

### Risks Related to our Common Stock

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



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

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

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

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

quarterly variations in our revenues and operating expenses;

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

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

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

additions and departures of key personnel;

announcements by relevant governments pertaining to additional quota restrictions; and

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

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

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

The offering of up to 23,577,949 shares of our common stock by selling stockholders could depress our common stock price. Certain of our stockholders are offering pursuant to this prospectus up to 23,577,949 shares of our common stock in a secondary offering, which amount includes 7,056,793 shares of common stock issuable upon exercise of outstanding warrants. Sales of a substantial number of shares of our common stock in the public market could adversely affect the market for our common shares and make it more difficult for us to sell equity securities at times and prices that we determine to be appropriate. None of our shareholders are subject to any lock-up or other agreement that contractually restricts their ability to publicly resell their common shares.

Our common stock may be considered to be a "penny stock" and, as such, any the market for our common stock may be further limited by certain SEC rules applicable to penny stocks. To the extent the price of our common stock remains below \$5.00 per share or we have a net tangible assets of \$2,000,000 or less, our common shares will be subject to certain "penny stock" rules promulgated by the SEC. Those rules impose certain sales practice requirements on brokers



who sell penny stock to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000). For transactions covered by the penny stock rules, the broker must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to the sale. Furthermore, the penny stock rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices and disclosure of the compensation to the brokerage firm and disclosure of the sales person working for the brokerage firm. These rules and regulations adversely affect the ability of brokers to sell our common shares and limit the liquidity of our securities.

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

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

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

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OUR COMPANY

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

Acquisitions

On November 2, 2010, we completed the acquisition of Mobivity, Inc., a Nevada corporation engaged in the business of mobile marketing, which at the time was known as CommerceTel, Inc., in exchange for 1,666,667 shares of our common stock. In anticipation of the transaction, on October 5, 2010, we changed our name from Ares Ventures Corporation to CommerceTel Corporation. Upon our acquisition of Mobivity, Inc., we ceased all operations related to the acquisition, exploration and development of natural resource properties and since that time have engaged exclusively in our current business, the development and operation of proprietary platforms over which brands and enterprises can conduct mobile marketing campaigns.

In April 2011, we acquired substantially all of the assets of the Txtstation interactive mobile marketing platform and services business from Adsparg Limited. The purchase price for the acquisition was 354,167 shares of our common stock and \$300,000 in cash, which was paid over an 11 month period.

In April 2011, we entered into an acquisition agreement with Mobivity, LLC and Mobile Visions, Inc. pursuant to which we acquired the assets of their Mobivity interactive mobile marketing platform and services business. The purchase price for the acquisition was 166,667 shares of our common stock, \$64,969 in cash paid at closing and a secured subordinated promissory note in the principal amount of \$606,054. The promissory note accrued interest on the unpaid principal amount at the rate of 6.25% per annum and principal and interest were paid in six quarterly installments of \$105,526 starting May 1, 2011. The note was paid in full on May 31, 2012.

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

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

86,590 shares of our common stock issued at closing;

\$120,514 in cash paid at closing;

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

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

an earn-out payment (payable 20 months after closing of the transaction) of a number of shares of our common stock equal to (a) 1.5, multiplied by our net revenue from acquired customers and customer prospects for the twelve-month period beginning six months after the closing date, divided by (b) the average of the volume-weighted average trading prices of our common stock for the 25 trading days immediately preceding the earn-out payment (subject to a

collar of \$1.49 and \$2.01 per share). The final value of the earn-out payment was \$2,210,667 and was satisfied through our issuance of 247,279 shares of our common stock.

In May 2013, we acquired the assets of Sequence, LLC related to a mobile customer loyalty application. The acquired assets include all application software, URL's, websites, trademarks, brands, customers and customer lists. The purchase price consisted of: \$300,000 in cash which was paid prior to closing; 125,000 shares of our common stock which were issued at closing valued, based on the closing price of our common stock on May 13, 2013, at \$183,750; and our agreements to pay 24 monthly earn-out payments consisting of 10% of the eligible monthly revenue subsequent to closing.

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Also in May 2013, we acquired certain assets of Front Door Insights, LLC. The assets acquired from Front Door Insights consisted of cash on hand, accounts receivable, all rights under all contracts other than excluded contracts, prepaid expenses, all technology and intellectual property rights, accounts payable, and obligations under a commercial lease. The purchase price consisted of: (1) \$100,000 in cash; (2) our promissory note in the principal amount of \$1,400,000; and (3) 1,666,667 shares of our common stock valued, based on the closing price of our common stock on May 20, 2013, at \$1,034,310.

In March 2014, we acquired all of the assets of SmartReceipt, Inc., a Delaware corporation in exchange for:

Our payment at closing of \$2.212 million of cash, net of a \$150,000 loan made by us to SmartReceipt in January 2014;

Our issuance of 504,884 shares of our common stock; and

Our earn-out payment of 200% of the “eligible revenue” over the 12 month period following the close of the transaction (“earn-out period”). The “eligible revenue” will consist of: 100% of our revenue derived during the earn out period from the sale of SmartReceipt products and services to certain SmartReceipt clients as of the close (the “designated SmartReceipt clients”); plus 50% of our revenue derived during the earn out period from the sale of our products and services to the designated SmartReceipt clients, plus 50% of our revenue derived during the earn out period from the sale of SmartReceipt products and services to our clients who are not designated SmartReceipt clients. The earn-out payment will be payable in our common shares (valued at the closing VWAP) no later than the 90th day following the end of the earn-out period. For purposes of the foregoing, the “closing VWAP” means the volume weighted average trading price of our common stock for the 90 trading days preceding the close of our acquisition of SmartReceipt.

Pursuant to our agreement with SmartReceipt, SmartReceipt has agreed that 50% of the shares issuable to it or its shareholders at the initial closing will be held back by us for a period of 12 months and will be subject to cancellation based on indemnification claims on our part.

## Financing Transactions

Between March 2011 to November 2011, we conducted the private placement sale of 114,778 shares of our common stock at a price of \$9.00 per share for the gross proceeds of \$1,033,003. Each investor also received warrants to purchase an equivalent number of shares at an exercise price of \$12.00. In October 2012, the exercise price of the warrants was reduced from \$12.00 to \$3.00 as a result of certain anti-dilution provisions contained in the warrant agreement. As a result of the June 2013 private placement described below, the exercise price of the warrants was further reduced to \$1.20 per share in June 2013.

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

and sold in the qualifying financing (the “offering price”) which warrants shall be exercisable at the offering price, or (ii) that number of shares of common stock equal to the product arrived at by multiplying (x) the principal amount of (plus all accrued and unpaid interest on) the bridge notes held by the holder, divided by the offering price and (y) 1.98. Our obligations under the bridge notes were secured by all of our assets.

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

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On June 17, 2013, we entered into a securities purchase agreement and a registration rights agreement with certain accredited investors in connection with our private placement sale of 6,250,000 shares of our common stock at a price of \$1.20 per share, for aggregate gross proceeds of \$7.5 million. Pursuant to the terms of the registration rights agreement, we agreed to file with the SEC a resale registration statement covering the shares. Emerging Growth Equities, Ltd. acted as placement agent for the private placement and received \$493,300 in commissions from us. In addition, for its services as placement agent, we issued to EGE warrants to purchase an aggregate of 605,910 shares of our common stock, exercisable for a period of five years from the closing date, at an exercise price of \$1.20 per share.

In connection with the private placement, we also entered into a convertible secured promissory note conversion agreement on June 17, 2013, with the holders of our bridge notes. Pursuant to the note conversion agreement, we agreed to issue to the holders of our bridge notes 4,462,089 shares of our common stock, at the conversion price of \$1.20 per share, for the cancellation of outstanding principal of \$4,984,721 and accrued interest of \$369,786 under the notes. Certain holders elected to receive, and we made, cash payments on the accrued interest on their notes in lieu of shares of common stock. Each note holder also received a warrant to purchase that number of shares of our common stock calculated by dividing the outstanding principal amount plus accrued and unpaid interest of such note by the conversion price. We issued warrants to purchase a total of 4,541,592 shares of our common stock to the note holders. The warrants are exercisable for a period of five years at an exercise price of \$1.20 per share. In connection the sale of the bridge notes, we agreed to file with the SEC a resale registration statement covering the securities issued upon conversion of the Bridge Notes.

In March 2014, we conducted the private placement to certain accredited investors of 5,413,000 units of our securities at a price of \$1.00 per unit for the gross proceeds of up to \$5,413,000. Each unit consisted of one share of our common stock and a common stock purchase warrant to purchase one-quarter share of our common stock, over a five year period, at an exercise price of \$1.20 per share. In connection with the placement, we entered into a registration rights agreement with the investors, pursuant to which we agreed to cause a resale registration statement covering the common shares made part of the units to be filed by May 15, 2014. The registration rights agreement also provides that we must make certain payments as liquidated damages to the investors if we fail to timely file the registration statement and cause it to become effective. Emerging Growth Equities, Ltd. acted as placement agent for the private placement and received \$370,685 in commissions from us. In addition, for its services as placement agent, we issued to EGE warrants to purchase an aggregate of 370,685 units, as defined above, exercisable for a period of five years from the closing date, at an exercise price of \$1.00 per unit. The warrants had a fair value on date of issuance of \$461,598.



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SELLING STOCKHOLDERS

This prospectus relates to the offering and sale, from time to time, of up to 23,577,949 shares of our common stock, held by the stockholders named in the table below, which amount includes 7,056,793 common shares issuable upon the exercise of warrants held by the selling stockholders. The selling stockholders may exercise their warrants at any time in their sole discretion. All of the selling stockholders named below acquired their shares of our common stock and warrants directly from us in private transactions.

On June 17, 2013, we entered into a securities purchase agreement and a registration rights agreement with certain accredited investors in connection with our private placement sale of 6,250,000 shares of our common stock at a price of \$1.20 per share, for aggregate gross proceeds of \$7.5 million. Pursuant to the terms of the registration rights agreement, we agreed to file with the SEC a resale registration statement covering the shares. Emerging Growth Equities, Ltd. acted as placement agent for the private placement and received \$439,300 in commissions from us. In addition, for its services as placement agent, we issued to EGE warrants to purchase an aggregate of 605,910 shares of the Company's common stock, exercisable for a period of five years from the closing date, at an exercise price of \$1.20 per share.

In connection with the private placement, we also entered into a convertible secured promissory note conversion agreement on June 17, 2013, with certain holders of our outstanding 10% senior secured convertible bridge notes due October 15, 2013. Pursuant to the note conversion agreement, we agreed to issue to the holders of the notes 4,462,089 shares of our common stock, at the conversion price of \$1.20 per share, for the cancellation of outstanding principal of \$4,984,721 and accrued interest of \$369,786 under the notes. Certain holders elected to receive, and we agreed to make, cash payments on the accrued interest on their notes in lieu of shares of common stock. Each note holder also received a warrant to purchase that number of shares of our common stock calculated by dividing the outstanding principal amount plus accrued and unpaid interest of such note by the conversion price. The warrants are exercisable for a period of five years at an exercise price of \$1.20 per share. In connection the sale of the bridge notes, we agreed to file with the SEC a resale registration statement covering the securities issued upon conversion of the notes.

In March 2014, we conducted the private placement to certain accredited investors of 5,413,000 units of our securities at a price of \$1.00 per unit for the gross proceeds of up to \$5,413,000. Each unit consisted of one share of our common stock and a common stock purchase warrant to purchase one-quarter share of our common stock, over a five year period, at an exercise price of \$1.20 per share. In connection with the placement, we entered into a registration rights agreement with the investors, pursuant to which we agreed to cause a resale registration statement covering the common shares made part of the units to be filed by May 15, 2014. The registration rights agreement also provides that we must make certain payments as liquidated damages to the investors if we fail to timely file the registration statement and cause it to become effective. Emerging Growth Equities, Ltd. acted as placement agent for the private placement and received \$370,685 in commissions from us. In addition, for its services as placement agent, we issued to EGE warrants to purchase an aggregate of 370,685 units, as defined above, exercisable for a period of five years from the closing date, at an exercise price of \$1.00 per unit. The warrants had a fair value on date of issuance of \$461,598.

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



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

| Name of Beneficial Owner  | Shares Beneficially Owned Before the Offering |     |   | Maximum Number of Shares Offered | Shares Beneficially Owned After the Offering (1) |       |
|---|---|-----|---|----------------------------------|--|-------|
|   | Number  | %   |   |                                  | Number   | %     |
| Sandor Capital Master Fund (2)(3)                               | 1,211,937                                     | 4.3 | % | 1,211,937                        | -0-  | *     |
| Ballyshannon Partners LP (4)                                    | 525,000                                       | 1.9 | % | 525,000                          | -0-  | *     |
| Ballyshannon Family Partnership (5)                             | 454,050                                       | 1.6 | % | 454,050                          | -0-  | *     |
| Porter Partners, LP (6)   | 2,332,723                                     | 8.3 | % | 2,332,723                        | -0-  | *     |
| EDJ Limited (7)   | 376,767                                       | 1.3 | % | 376,767                          | -0-  | *     |
| Porter Family Living Trust dtd 9/5/2006 (8)                     | 291,667                                       | 1.0 | % | 291,667                          | -0-  | *     |
| Ben Joseph Partners (9)   | 475,828                                       | 1.7 | % | 475,828                          | -0-  | *     |
| Alexander M. Bush   | 12,500  | *   |   | 12,500                           | -0-  | *     |
| John E. Thompson  | 52,083  | *   |   | 52,083                           | -0-  | *     |
| Diker MicroCap Fund LP (10)                                     | 604,167                                       | 2.1 | % | 604,167                          | -0-  | *     |
| Trellus Partners LP (11)  | 1,145,833                                     | 4.1 | % | 729,167                          | 416,667  | 1.5 % |
| Julie T. Berlacher  | 258,744                                       | *   |   | 258,744                          | -0-  | *     |
| Paul D. Berlacher TTEE Paul D. Berlacher Irrev. Trust (12)      | 20,833  | *   |   | 20,833                           | -0-  | *     |
| Audrey E. Berlacher TTEE Audrey E. Berlacher Rev Trust (13)     | 20,833  | *   |   | 20,833                           | -0-  | *     |
| David A. Houghton   | 177,065                                       | *   |   | 177,065                          | -0-  | *     |
| Bruce E. Terker TTEE Robert A. Berlacher 2004 Family Trust (14) | 41,667  | *   |   | 41,667                           | -0-  | *     |
| Chardonnay Partners, LP (15)                                    | 178,847                                       | *   |   | 178,847                          | -0-  | *     |
| Harry Mittelman Revocable Living Trust (16)                     | 277,323                                       | *   |   | 277,323                          | -0-  | *     |
| Bruce and Katherine Evans TBE                                   | 311,431                                       | 1.1 | % | 311,431                          | -0-  | *     |
| Jacqueline A. Evans   | 12,500  | *   |   | 12,500                           | -0-  | *     |
| JSL Kids Partners (3)(17)                                       | 83,333  | *   |   | 83,333                           | -0-  | *     |
| James C. Barragan, Jr. and Nancy F. Barragan                    | 57,967  | *   |   | 41,667                           | 16,300   | *     |
| Robert A. Elliott   | 20,833  | *   |   | 20,833                           | -0-  | *     |
| Robert B. Prag  | 96,087  | *   |   | 96,087                           | -0-  | *     |
| The Del Mar Consulting Group, Inc. Retirement Plan Trust (18)   | 41,667  | *   |   | 41,667                           | -0-  | *     |
| George I. Bridges, Jr.  | 291,667                                       | 1.0 | % | 291,667                          | -0-  | *     |
| Carl Todd Bridges and Lori D. Bridges                           | 208,333                                       | *   |   | 208,333                          | -0-  | *     |
| Clayton Green, Jr.  | 83,333  | *   |   | 83,333                           | -0-  | *     |
| Taylor Green  | 83,333  | *   |   | 83,333                           | -0-  | *     |
| Shelby Zimmerman  | 83,333  | *   |   | 83,333                           | -0-  | *     |

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|  |           |     |   |           |           |       |
|--|-----------|-----|---|-----------|-----------|-------|
| Robert A. Smith  | 208,333   | *   |   | 208,333   | -0-       | *     |
| Mark A. and Lucinda M. Henry   | 158,744   | *   |   | 158,744   | -0-       | *     |
| Donald K. Thomas   | 16,667    | *   |   | 16,667    | -0-       | *     |
| Mobivity Partners (19)   | 416,667   | 1.5 | % | 416,667   | -0-       | *     |
| John R. Harris (20)  | 100,695   | *   |   | 52,083    | 48,612    | *     |
| ACT Capital Partners, LP (21)  | 638,219   | 2.3 | % | 638,219   | -0-       | *     |
| Amir L. Ecker  | 458,847   | 1.6 | % | 458,847   | -0-       | *     |
| Delaware Charter G T Cust FBO Amir L. Ecker IRA (22)                                 | 582,123   | 2.1 | % | 582,123   | -0-       | *     |
| Cornelis F. Wit  | 1,934,992 | 6.9 | % | 1,934,992 | -0-       | *     |
| The Ecker Family Partnership (23)  | 173,225   | *   |   | 204,475   | -0-       | *     |
| Gary Knutsen   | 123,734   | *   |   | 123,734   | -0-       | *     |
| Gregory J. Berlacher (3)   | 53,650    | *   |   | 53,650    | -0-       | *     |
| Emerging Growth Equities, Ltd. PSP dtd 9/1/99 FBO Gregory J. Berlacher, 401k (24)(3) | 112,883   | *   |   | 112,883   | -0-       | *     |
| Emerging Growth Equities, Ltd. PSP dtd 9/1/99 FBO Jay D. Seid, 401k (25)(3)          | 195,745   | *   |   | 195,745   | -0-       | *     |
| John S. Lemak IRA Rollover Raymond James & Assoc Custodian (3)(26)                   | 221,433   | *   |   | 213,142   | 49,743    | *     |
| Kingdom Trust Co. Roth IRA Cust FBO Robert A. Berlacher (27)                         | 150,064   | *   |   | 150,064   | -0-       | *     |
| Lancaster Investment Partners, LP (28)   | 236,870   | *   |   | 236,870   | -0-       | *     |
| Northwood Capital Partners, LP (29)  | 535,308   | 1.9 | % | 535,308   | -0-       | *     |
| Randall Smith  | 46,720    | *   |   | 46,720    | -0-       | *     |
| Peter and Susan Stanley JTWROS   | 231,919   | *   |   | 231,919   | -0-       | *     |
| The Michael and Valerie Bynum Living Trust (20)(30)                                  | 158,305   | *   |   | 158,305   | -0-       | *     |
| Timothy W. Schatz (20)   | 433,072   | 1.5 | % | 33,836    | -0-       | *     |
| Joel and Amy Wisian  | 126,233   | *   |   | 126,233   | -0-       | *     |
| Allen M. and Emily R. Bynum  | 58,881    | *   |   | 58,881    | -0-       | *     |
| Johnny and Debra Allen   | 16,872    | *   |   | 16,872    | -0-       | *     |
| Jessie and Kimberly A. Allen   | 16,872    | *   |   | 16,872    | -0-       | *     |
| Donald K. and Paige Matthey Bynum  | 16,854    | *   |   | 16,854    | -0-       | *     |
| Pier Bynum   | 8,427     | *   |   | 8,427     | -0-       | *     |
| Patrick Bynum  | 8,427     | *   |   | 8,427     | -0-       | *     |
| Dennis Becker (20)   | 1,309,179 | 4.6 | % | 60,664    | 1,248,515 | 4.4 % |
| Marion Cook  | 83,927    | *   |   | 83,927    | -0-       | *     |
| James Flanigan   | 41,895    | *   |   | 41,895    | -0-       | *     |
| Steve Tebo   | 83,790    | *   |   | 83,790    | -0-       | *     |
| Berlwoods Partners, LP (31)  | 20,833    | *   |   | 20,833    | -0-       | *     |
| Cortleigh Capital Partners, LP (32)  | 33,333    | *   |   | 33,333    | -0-       | *     |
| Phyllis D. Kalista   | 20,833    | *   |   | 20,833    | -0-       | *     |
| Jay D. Seid (3)  | 28,125    | *   |   | 28,125    | -0-       | *     |
| Franz J. Berlacher   | 4,167     | *   |   | 4,167     | -0-       | *     |
| Robert D. Auritt   | 8,333     | *   |   | 8,333     | -0-       | *     |
| Kingdom Trust Company IRA c/f Richard Johnson (33)                                   | 16,667    | *   |   | 16,667    | -0-       | *     |
| Andrew S. Rosen  | 106,917   | *   |   | 83,333    | 23,584    | *     |
| ACT Capital Management, LLLP (34)  | 33,333    | *   |   | 33,333    | -0-       | *     |
|  | 20,833    | *   |   | 20,833    | -0-       | *     |

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|  |           |     |   |           |         |
|--|-----------|-----|---|-----------|---------|
| Delaware Charter G&T Cust FBO Amir L. Ecker ROTH IRA (35)      |           |     |   |           |         |
| Delaware Charter G&T Cust FBO Carol G. Frankenfield IRA (36)   | 20,833    | *   |   | 20,833    | -0- *   |
| Kingdom Trust Co. SEP IRA c/f Robert A. Berlacher (37)         | 16,667    | *   |   | 16,667    | -0- *   |
| MJA Investments LLC (38)                                       | 12,500    | *   |   | 12,500    | -0- *   |
| JBA Investments LLC (39)                                       | 12,500    | *   |   | 12,500    | -0- *   |
| Elizabeth Arno   | 16,667    | *   |   | 16,667    | -0- *   |
| Kingdom Trust Co. IRA FBO Daniel C. Gardner (40)               | 20,833    | *   |   | 20,833    | -0- *   |
| Brodsky Family Trust (41)                                      | 125,000   | *   |   | 125,000   | -0- *   |
| Ivy L. Fredericks  | 20,833    | *   |   | 20,833    | -0- *   |
| Robert Winter  | 20,833    | *   |   | 20,833    | -0- *   |
| Brian J. Grossi 2007 Revocable Trust (42)                      | 12,500    | *   |   | 12,500    | -0- *   |
| Pak Cheong Choi & Susan Huang Choi JTWS                        | 8,333     | *   |   | 8,333     | -0- *   |
| John C. Lipman   | 40,417    | *   |   | 40,417    | -0- *   |
| Lipman Capital Group Inc. Retirement Plan (43)                 | 52,083    | *   |   | 52,083    | -0- *   |
| Marcelle Weems Bynum   | 12,654    | *   |   | 12,654    | -0- *   |
| Lavonne Bynum  | 12,654    | *   |   | 12,654    | -0- *   |
| Cecil Glen Bynum and Cathey Lynn Bynum, Tenants in Common      | 43,578    | *   |   | 33,744    | 9,834 * |
| David Gomez  | 145,283   | *   |   | 145,283   | -0- *   |
| David Hirons   | 85,075    | *   |   | 85,075    | -0- *   |
| Dillon Page and Vickie Page, Joint Tenants                     | 96,758    | *   |   | 96,758    | -0- *   |
| Russell Sarachek   | 33,333    | *   |   | 33,333    | -0- *   |
| Mayumi Ishii Post  | 20,833    | *   |   | 20,833    | -0- *   |
| Kingdom Trust Company IRA Rollover FBO Franz J. Berlacher (44) | 20,833    | *   |   | 20,833    | -0- *   |
| Kingdom Trust Co. Roth IRA c/f Julie T. Berlacher (45)         | 22,083    | *   |   | 22,083    | -0- *   |
| Fraser Clarke  | 20,833    | *   |   | 20,833    | -0- *   |
| BMO Nesbitt Burns ITF 365-24977-22 (46)                        | 62,500    | *   |   | 62,500    | -0- *   |
| David Moss   | 12,630    | *   |   | 12,630    | -0- *   |
| VFT Special Ventures, Ltd (47)                                 | 1,069,279 | 4.6 | % | 1,069,279 | -0- *   |
| Trellus Small Cap Opportunity Fund LP (48)                     | 312,500   | 1.1 | % | 312,500   | -0- *   |
| David Jacques (20)   | 69,791    | *   |   | 31,250    | -0- *   |
| Kobe Partners, LP (49)   | 281,250   | *   |   | 281,250   | -0- *   |
| Logos Partners L.P. (50)                                       | 125,000   | *   |   | 125,000   | -0- *   |
| Perritt Ultra MicroCap Fund (51)                               | 825,000   | 2.9 | % | 825,000   | -0- *   |
| Thomas B. Akin   | 625,000   | 2.2 | % | 625,000   | -0- *   |
| Kingdom Trust cust. FBO David A. Houghton IRA (52)             | 15,625    | *   |   | 15,625    | -0- *   |
| Jon D. and Linda W. Gruber Trust (53)                          | 906,250   | 3.2 | % | 906,250   | -0- *   |
| Steven T. Newby  | 625,000   | 2.2 | % | 625,000   | -0- *   |
| London Family Trust (54)                                       | 125,000   | *   |   | 125,000   | -0- *   |
| NFS/FMTC IRA fbo Amir L. Ecker (55)                            | 93,750    | *   |   | 93,750    | -0- *   |
| Lacuna Hedge Fund, LLLP (56)                                   | 125,000   | *   |   | 125,000   | -0- *   |
| John E. Thompson, III  | 62,500    | *   |   | 62,500    | -0- *   |

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|                                     |         |   |         |        |   |
|-------------------------------------|---------|---|---------|--------|---|
| Lincoln Park Capital Fund, LLC (57) | 125,000 | * | 125,000 | -0-    | * |
| Jonathan Cassell                    | 12,500  | * | 12,500  | -0-    | * |
| Phillip Guarascio (20)              | 56,250  | * | 31,250  | 25,000 | * |

\* Less than 1%.

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- (1) Assumes that all securities offered are sold.
- (2) The selling stockholder indicated to us that John S. Lemak, Manager of Sandor Capital Master Fund, has voting and investment power over the shares it is offering for resale.
- (3) The selling stockholder identified itself to us as an affiliate of a broker-dealer. It has indicated to us that it purchased the shares in the ordinary course of business, and at the time of the purchase of the shares to be resold, had no agreements or understandings, directly or indirectly, with any person to distribute the shares.
- (4) The selling stockholder indicated to us that Bruce E. Terker, President of Ballyshannon Partners, L.P., has voting and investment power over the shares it is offering for resale.
- (5) The selling stockholder indicated to us that Bruce E. Terker, President of Ballyshannon Family Partnership, L.P., has voting and investment power over the shares it is offering for resale.
- (6) The selling stockholder indicated to us that Jeffrey H. Porter, General Partner of Porter Partners, L.P., has voting and investment power over the shares it is offering for resale.
- (7) The selling stockholder indicated to us that Jeffrey H. Porter, Investment Advisor of EDJ Limited, has voting and investment power over the shares it is offering for resale.
- (8) The selling stockholder indicated to us that Jeffrey H. Porter, Trustee of Porter Family Living Trust dtd. 9/5/2006, has voting and investment power over the shares it is offering for resale.
- (9) The selling stockholder indicated to us that Jeffrey H. Porter, General Partner of Ben Joseph Partners, has voting and investment power over the shares it is offering for resale.
- (10) The selling stockholder indicated to us that Ken Brower, Chief Financial Officer of Diker Micro Cap Fund LP, has voting and investment power over the shares it is offering for resale.
- (11) The selling stockholder indicated to us that James Scaplen, Chief Financial Officer of Trellus Partners LP, has voting and investment power over the shares it is offering for resale.
- (12) The selling stockholder indicated to us that Paul D. Berlacher, Trustee of the Paul D. Berlacher Irrev. Trust, has voting and investment power over the shares it is offering for resale.
- (13) The selling stockholder indicated to us that Audrey E. Berlacher, Trustee of the Audrey E. Berlacher Rev Trust, has voting and investment power over the shares it is offering for resale.
- (14) The selling stockholder indicated to us that Bruce E. Terker, Trustee of the Robert A. Berlacher 2004 Family Trust, has voting and investment power over the shares it is offering for resale.
- (15) The selling stockholder indicated to us that Robert A. Berlacher, General Partner of Chardonnay Partners, LP, has voting and investment power over the shares it is offering for resale.
- (16) The selling stockholder indicated to us that Harry Mittelman, Trustee of the Harry Mittelman Revocable Living Trust, has voting and investment power over the shares it is offering for

resale.

- (17) The selling stockholder indicated to us that John S. Lemak, Manager of JSL Kids Partners, has voting and investment power over the shares it is offering for resale.
- (18) The selling stockholder indicated to us that Robert B. Prag, Trustee of The Del Mar Consulting Group, Inc. Retirement Plan Trust, has voting and investment power over the shares it is offering for resale.
- (19) The selling stockholder indicated to us that Julie Krupala, Secretary of Mobivity Partners, has voting and investment power over the shares it is offering for resale.
- (20) The selling stockholder is, or is an affiliate of, an executive officer or director of our company.



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- (21) The selling stockholder indicated to us that Carol Frankenfield, General Partner of ACT Capital Partners, LP, has voting and investment power over the shares it is offering for resale.
- (22) The selling stockholder indicated to us that Amir L. Ecker, IRA Owner of Delaware Charter G T Cust. FBO Amir L. Ecker IRA, has voting and investment power over the shares it is offering for resale.
- (23) The selling stockholder indicated to us that Amir L. Ecker, General Partner of The Ecker Family Partnership, has voting and investment power over the shares it is offering for resale.
- (24) The selling stockholder indicated to us that Gregory J. Berlacher, Owner of Emerging Growth Equities Ltd PSP dtd 9/1/99 FBO Gergory J. Berlacher 401k, has voting and investment power over the shares it is offering for resale.
- (25) The selling stockholder indicated to us that Jay D. Seid, Owner of Emerging Growth Equities Ltd PSP dtd 9/1/99 FBO Jay D. Seid 401k, has voting and investment power over the shares it is offering for resale.
- (26) The selling stockholder indicated to us that John S. Lemak, IRA Owner of the John S. Lemak IRA Rollover, Raymond James & Assoc. custodian, has voting and investment power over the shares it is offering for resale.
- (27) The selling stockholder indicated to us that Robert A. Berlacher, IRA Owner of Kingdom Trust Co. Roth IRA Cust FBO Robert A. Berlacher, has voting and investment power over the shares it is offering for resale.
- (28) The selling stockholder indicated to us that Robert A. Berlacher, Manager of Lancaster Investment Partners, LP, has voting and investment power over the shares it is offering for resale.
- (29) The selling stockholder indicated to us that Robert A. Berlacher, Manager of Northwood Capital Partners, LP, has voting and investment power over the shares it is offering for resale.
- (30) The selling stockholder indicated to us that Michael K. and Valerie L. Bynum, Trustees of The Michael and Valerie Bynum Living Trust, have voting and investment power over the shares it is offering for resale.
- (31) The selling stockholder indicated to us that Robert A. Berlacher, Managing Member of Berlwoods Partners, LP, has voting and investment power over the shares it is offering for resale.
- (32) The selling stockholder indicated to us that Christine Groves, Partner of Cortleigh Capital Partners, LP, has voting and investment power over the shares it is offering for resale.
- (33) The selling stockholder indicated to us that Richard Johnson, IRA Owner of Kingdom Trust Company IRA c/f Richard Johnson, has voting and investment power over the shares it is offering for resale.

- (34) The selling stockholder indicated to us that Carol G. Frankenfield, General Partner of ACT Capital Management LLP, has voting and investment power over the shares it is offering for resale.
- (35) The selling stockholder indicated to us that Amir L. Ecker, IRA Owner of Delaware Charter G T Cust FBO Amir L. Ecker ROTH IRA, has voting and investment power over the shares it is offering for resale.
- (36) The selling stockholder indicated to us that Carol G. Frankenfield, IRA Owner of Delaware Charter G T Cust FBO Carol G. Frankenfield IRA, has voting and investment power over the shares it is offering for resale.
- (37) The selling stockholder indicated to us that Robert A. Berlacher, IRA Owner of Kingdom Trust Co. SEP IRA c/f Robert A. Berlacher, has voting and investment power over the shares it is offering for resale.
- (38) The selling stockholder indicated to us that Andrew Arno, Advisor of MJA Investments LLC, has voting and investment power over the shares it is offering for resale.

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- (39) The selling stockholder indicated to us that Andrew Arno, Advisor of JBA Investments LLC, has voting and investment power over the shares it is offering for resale.
- (40) The selling stockholder indicated to us that Daniel C. Gardner, IRA Owner of Kingdom Trust Co. IRA FBO Daniel C. Gardner, has voting and investment power over the shares it is offering for resale.
- (41) The selling stockholder indicated to us that Peter Brodsky, Trustee of the Brodsky Family Trust, has voting and investment power over the shares it is offering for resale.
- (42) The selling stockholder indicated to us that Brian J. Grossi, Trustee of the Brian J. Grossi 2007 Revocable Trust, has voting and investment power over the shares it is offering for resale.
- (43) The selling stockholder indicated to us that John C. Lipman, Owner of Lipman Capital Group Inc. Retirement Plan, has voting and investment power over the shares it is offering for resale.
- (44) The selling stockholder indicated to us that Franz J. Berlacher, IRA Owner of Kingdom Trust Company IRA Rollover FBO Franz J. Berlacher, has voting and investment power over the shares it is offering for resale.
- (45) The selling stockholder indicated to us that Julie T. Berlacher, IRA Owner of Kingdom Trust Co. ROTH IRA c/f Julie T. Berlacher, has voting and investment power over the shares it is offering for resale.
- (46) The selling stockholder indicated to us that Dean McDonald, Limited Partner of BMO Nesbitt Burns ITF 365-24977-22, has voting and investment power over the shares it is offering for resale.
- (47) Represents shares underlying warrants issued to Emergency Growth Equities, Ltd. as placement agent compensation. The selling stockholder indicated to us that Gregory J. Berlacher has voting and investment power over the shares it is offering for resale.
- (48) The selling stockholder indicated to us that James Scaplen, Chief Financial Officer of Trellus Small Cap Opportunity Fund LP, has voting and investment power over the shares it is offering for resale.
- (49) The selling stockholder indicated to us that Eric Carter, Portfolio Manager of Kobe Partners, LP, has voting and investment power over the shares it is offering for resale.
- (50) The selling stockholder indicated to us that Clark Lehman, General Partner of Logos Partners, LP, has voting and investment power over the shares it is offering for resale.
- (51) The selling stockholder indicated to us that Lynn Bermeister, Vice President of Perritt Ultra MicroCap Fund has voting and investment power over the shares it is offering for resale.
- (52) The selling stockholder indicated to us that David Houghton has voting and investment power over the shares it is offering for resale.

- (53) The selling stockholder indicated to us that Jon Gruber, Trustee of the Gruber Trust, has voting and investment power over the shares it is offering for resale.
- (54) The selling stockholder indicated to us that Robert London, trustee of the London Family Trust, has voting and investment power over the shares it is offering for resale.
- (55) The selling stockholder indicated to us that Amir Ecker has voting and investment power over the shares it is offering for resale.
- (56) The selling stockholder indicated to us that Wink James, Managing Partner of Lacuna Hedge Fund, LLLP, has voting and investment power over the shares it is offering for resale.
- (57) The selling stockholder indicated to us that Joshua Sheinfeld, CEO of Lincoln Park Capital Fund, LLC, has voting and investment power over the shares it is offering for resale.

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PLAN OF DISTRIBUTION

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

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

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

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

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

privately negotiated transactions;

short sales;

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

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

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

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

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

The selling stockholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus after we have filed a supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling

stockholders under this prospectus.

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

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

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

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

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

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## MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the OTC Bulletin Board under the stock symbol “MFON.” Our common stock trades only sporadically and has experienced in the past, and is expected to experience in the future, significant price and volume volatility.

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

| Year Ended December 31, 2013 | High   | Low    |
|------------------------------|--------|--------|
| Fourth Quarter               | \$3.00 | \$1.70 |
| Third Quarter                | \$4.20 | \$2.40 |
| Second Quarter               | \$2.52 | \$1.02 |
| First Quarter                | \$2.04 | \$1.26 |
| Year Ended December 31, 2012 | High   | Low    |
| Fourth Quarter               | \$2.58 | \$1.32 |
| Third Quarter                | \$3.72 | \$1.56 |
| Second Quarter               | \$6.24 | \$3.54 |
| First Quarter                | \$9.00 | \$6.00 |

## Holders of Record

As of the date of this prospectus, there were 189 record holders of our common stock.

## Dividends

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

## Equity Compensation Plan Information

In December, 2010, we adopted our 2010 Incentive Stock Option Plan (“the 2010 Plan”). The 2010 Plan permits us to grant up to 520,667 shares of common stock and options to purchase shares of common stock. In July 2013, we adopted our 2013 Stock Incentive Plan (“2013 Plan”). The 2013 Plan allows us to grant incentive stock options, non-incentive stock options, restricted share grants and unrestricted share grants. We have reserved for issuance 5,564,348 share of our common stock under the 2013 Plan.

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

| (a)                  | (b)                                | (c)                  |
|----------------------|------------------------------------|----------------------|
| Number of Securities | Weighted-Average Exercise Price of | Number of Securities |



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| Plan Category  | to be Issued<br>Upon<br>Exercise of<br>Outstanding<br><br>Options | Outstanding<br><br>Options | Remaining<br>Available for<br>Future<br>Issuance<br>Under<br>Equity<br>Compensation<br>Plans<br>(Excluding<br>Securities<br>Reflected In<br>Column (a)) |
|--|---|----------------------------|---|
| Equity compensation plans approved by security holders     | -   | \$ -                       | -   |
| Equity compensation plans not approved by security holders | 6,085,015   | \$ 2.08                    | 261,716   |
| Total  | 6,085,015   | \$ 2.08                    | 261,716   |

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

General

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

Recent Events

Acquisitions

In May 2013, we acquired the assets of Sequence, LLC related to a mobile customer loyalty application. The acquired assets include all application software, URL's, websites, trademarks, brands, customers and customer lists. We assumed no liabilities of Sequence. The purchase price consisted of: (1) \$300,000 in cash which was paid prior to closing; (2) 125,000 shares of our common stock which were issued at closing valued, based on the closing price of our common stock on May 13, 2013, at \$183,750; and (3) twenty-four monthly earn-out payments consisting of 10% of the eligible monthly revenue subsequent to closing.

Also in May 2013, we acquired certain assets and liabilities of Front Door Insights, LLC ("FDI"), pursuant to an asset purchase agreement. The assets and liabilities acquired from FDI consisted of cash on hand, accounts receivable, all rights under all contracts other than excluded contracts, prepaid expenses, all technology and intellectual property rights, accounts payable, and obligations under a commercial lease. The purchase price consisted of: (1) \$100,000 in cash; (2) a promissory note in the principal amount of \$1,400,000; and (3) 1,666,667 shares of our common stock valued, based on the closing price of our common stock on May 20, 2013, at \$1,034,310.

In March 2014, we acquired all of the assets of SmartReceipt, Inc. in exchange for:

Our payment at closing of \$2.212 million of cash, net of a \$150,000 loan made by us to SmartReceipt in January 2014;

Our issuance of 504,884 shares of our common stock; and

Our earn-out payment of 200% of the "eligible revenue" over the 12 month period following the close of the transaction ("earn-out period"). The "eligible revenue" will consist of: 100% of our revenue derived during the earn out period from the sale of SmartReceipt products and services to certain SmartReceipt clients as of the close (the "designated SmartReceipt clients"); plus 50% of our revenue derived during the earn out period from the sale of our products and services to the designated SmartReceipt clients, plus 50% of our revenue derived during the earn out period from the sale of SmartReceipt products and services to our clients who are not designated SmartReceipt clients. The earn-out payment will be payable in our common shares (valued at the closing VWAP) no later than the 90th day following the end of the earn-out period. For purposes of the foregoing, the "closing VWAP" means the volume weighted average trading price of our common stock for the 90 trading days preceding the close of our

acquisition of SmartReceipt, or \$\_\_ per share.

Pursuant to our agreement with SmartReceipt, SmartReceipt has agreed that 50% of the shares issuable to it or its shareholders at the initial closing will be held back by us for a period of 12 months and will be subject to cancellation based on indemnification claims on our part.

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### Private Placements and Conversion of Bridge Notes

June and July 2013, we sold 6,250,000 shares of our common stock at \$1.20 per share and received net proceeds of \$7,060,700. We also converted all of our outstanding bridge notes and substantially all of our interest payable on the bridge notes into 4,462,089 shares of our common stock at \$1.20 per share. As of June 30, 2013, we no longer have any bridge notes outstanding.

In March 2014, we conducted the private placement to certain accredited investors of 5,413,000 units of our securities at a price of \$1.00 per unit for the gross proceeds of up to \$5,413,000. Each unit consisted of one share of our common stock and a common stock purchase warrant to purchase one-quarter share of our common stock, over a five year period, at an exercise price of \$1.20 per share.

### Results of Operations for the Three Months Ended March 31, 2014 and 2013

#### Revenues

Revenues for the three months ended March 31, 2014 were \$903,215, a decrease of \$124,778, or 12.1%, compared to the same period in 2013. The net decrease is primarily attributable to a decrease of \$174,722, or 49.8% in revenues from large enterprise accounts and non-recurring or one-time events, and loss of \$10,759, or 1.6%, of subscriber based licensing. The loss of subscribers was primarily due to new regulation put in place under the Telephone Consumer Protection Act ("TCPA) in October, 2013. These decreases were offset by \$58,924 in revenues from our recent acquisition of SmartReceipt.

#### Cost of Revenues

Cost of revenues for the three months ended March 31, 2014 was \$260,893, a decrease of \$23,729, or 8.3% compared to the same period in 2013. This decrease is primarily attributable to lower SMS fees, sales commissions, and credit card merchant fees. SMS fees decreased 27.9% to \$74,638 as compared to same period in 2013 due to further reduction in negotiated volume discount, and reduced overall SMS volume. Sales commissions decreased 12.1% to \$44,962 due to reduced large enterprise and non-recurring revenues, a smaller outside sales team, and other minor factors.

#### General and Administrative

General and administrative expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, consulting costs and other expenses. General and administrative expenses increased \$597,325, or 112.1%, during the three months ended March 31, 2014 compared to the same period in 2013. The increase in general and administrative expense was primarily due to increased personnel expenses, share based compensation, and one-time non-capitalizable expenses related to acquisition of SmartReceipt. Personnel related expenses increased \$113,205, and share based compensation increased \$195,968, due to increased management and support headcount as compared to the same period in 2013. One time costs associated with auditing, consulting, and some legal fees for the SmartReceipt acquisition were \$174,770.

#### Sales and Marketing

Sales and marketing expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, sales travel, consulting costs and other expenses. Sales and marketing expenses increased \$578,189, or 159.33%, during the three months ended March 31, 2014 compared to the same period in 2013. The increase was

primarily due to higher personnel expenses, share based compensation expenses, and travel expenses resulting from increase in sales personnel as compared to the same period in 2013. Personnel related expenses increased \$360,082, share based compensation increased \$32,381, and sales related travel & entertainment expenses increased \$98,977.

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### Depreciation and Amortization

Depreciation and amortization expense consists of depreciation on our equipment and amortization of our intangible assets. Depreciation and amortization expense increased \$34,269, or 101.3%, during the three months ended March 31, 2014 compared to the same period in 2013.

The amortizable base of our intangible assets was higher in the 2014 periods than the 2013 periods because of the acquisitions we recorded in May 2013 and March 2014.

### Interest Expense

Interest expense consists of stated or implied interest expense on our notes payable, amortization of note discounts, and amortization of deferred financing costs. Interest expense decreased \$1,446,533, or 100%, during the three months ended March 31, 2014 compared to the same period in 2013. We converted substantially all of our debt into equity in June 2013.

### Change in Fair Value of Derivative Liabilities

The change in fair value of derivative liabilities for the three months ended March 31, 2014 and 2013 was a loss of \$30,079 and a gain of \$1,001,550, respectively. The value of the derivative liabilities at any given date is based primarily on the value and volatility of our common stock, among other less significant factors. In periods when our stock price or volatility rises, we expect to record a loss in the change in fair value of the derivative liabilities. The conversion of convertible notes payable into common shares in June 2013, reducing the number of warrants subject to derivative liability treatment, significantly reduced our ongoing exposure to derivative liability valuation.

### Results of Operations for the Years Ended December 31, 2013 and 31, 2012

#### Revenues

Revenues for 2013 were \$4,093,667, an increase of \$13,922, or 0.3%, compared to 2012. The increase is primarily attributable to growth of small business based revenues of \$305,787 and revenues derived from 2013 acquisitions of FDI and Sequence of \$183,958 and \$19,573, respectively. These increases were offset by a decrease of \$495,396 due to attrition of large enterprise clients, as well as revenue from one-time events that did not recur in 2013, and other minor factors.

#### Cost of Revenues

Cost of revenues for 2013 was \$1,122,037, a decrease of \$178,288, or 13.7%, compared to 2012. This decrease is primarily attributable to lower costs for outsourced project consulting costs and sales commission expenses. Sales commission expense decreased 45.8% as compared to the same period in 2012, due primarily to fewer closed sales of corporate accounts, turnover of outside sales staff, and a smaller inside sales staff.

#### General and Administrative

General and administrative expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, consulting costs and other expenses. General and administrative expenses increased \$432,732, or 14.5%, during 2013 compared to 2012. The increase in general and administrative expense was primarily due to higher stock-based compensation expense related to options granted to our new officers and employees, higher legal

and investor relations costs associated with our business activities during the period, which were offset by lower bad debt and consulting expenses.

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### Sales and Marketing Expense

Sales and marketing expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, sales travel, consulting costs and other expenses. Sales and marketing expenses increased \$1,906,450 or 122.0%, during 2013 compared to 2012. The increase in sales and marketing expense was primarily related to higher employee related expenses, sales related travel, and higher stock-based compensation expense of our new officers and employees.

### Engineering, Research, and Development Expense

Engineering, research, and development expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, consulting costs and other expenses. Engineering, research, and development expenses increased \$262,194, or 46.6%, during 2013 compared to 2012. The increase in engineering, research, and development expenses was primarily due to higher employee related expense and higher consulting expense related to work on our acquired technologies.

### Depreciation and Amortization Expense

Depreciation and amortization expense consists of depreciation on our equipment and amortization of our intangible assets. Depreciation and amortization expense decreased \$270,579, or 50.7%, during 2013 compared to 2012. The amortizable base of our intangible assets was lower in the 2013 periods than the 2012 periods because of the impairment charges we recorded in December 2012.

### Goodwill Impairment and Intangible Asset Impairment

During 2013 and 2012, we recorded goodwill impairment charges of \$1,066,068 and \$742,446, respectively, relating to our acquired from Front Door Insights, LLC and Sequence, LLC in May 2013. Also during 2013 and 2012, we recorded intangible asset impairment charges of \$644,170 and \$145,396, respectively. The impairment charges were based on our valuation of these assets at December 31, 2013 and 2012.

### Interest Expense

Interest expense consists of stated or implied interest expense on our notes payable, amortization of note discounts, and amortization of deferred financing costs. Interest expense increased \$1,788,622 or 40%, during 2013 compared to 2012. The increase in interest expense was primarily attributable to our increased debt balance during the period and the amortization of note discounts upon conversion of the debt in June 2013. The amount of debt was significantly lowered upon this conversion, resulting in lower interest expense in Q3 and Q4, and expected remain low in 2014.

### Change in Fair Market Value of Derivative Liabilities

The change in fair value of derivative liabilities for 2013 and 2012 was a loss of \$3,766,231 and a gain of \$359,530, respectively. The value of the derivative liabilities at any given date is based upon the value and volatility of our common stock and the number of potentially issuable shares, among other less significant factors. In periods when our stock price or volatility rises, we expect to record a loss in the change in fair value of the derivative liabilities. During the first half of 2013, there were several triggering events for the derivative liabilities which increased the number of potentially issuable shares due to a lower exercise price; which greatly increased the liability and derivative losses recorded. However, during the second half of 2013, starting with the June 17, 2013 conversion of the bridge notes into equity, our exposure to these variations in derivative liabilities was significantly reduced. See



Note 4 for further information.

Gain on Adjustment in Contingent Consideration

The gain (loss) on adjustment in contingent consideration for 2013 and 2012 was a loss of (\$28,465) and a gain of \$625,357. The loss in 2013 relates to increase in estimated earn out for Boomtext on the payment closing date partially offset by a decrease in the estimated earn out from the Sequence acquisitions. The gain in 2012 relates to the reduction in the estimated earn-out payable on the BoomText acquisition at each year end.

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Liquidity and Capital Resources

As of March 31, 2014, we had current assets of \$4,554,625, including \$3,984,032 in cash, and current liabilities of \$1,332,092, resulting in working capital of \$3,222,533. As of the date of this report, we believe we have working capital on hand to fund our current level of operations through, at least, the next 12 months. However, there can be no assurance that we will not require additional capital within the next 12 months. If we require additional capital, we will seek to obtain additional working capital through the sale of our securities and, if available, bank lines of credit. However, there can be no assurance we will be able to obtain access to capital as and when needed and, if so, the terms of any available financing may not be subject to commercially reasonable terms.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

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OUR BUSINESS

General

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

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

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

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

Our SmartReceipt solution enables our customers with the ability to control the content on receipts printed from their Point of Sale (POS) system. SmartReceipt is a software application that is installed on the POS which dynamically controls what is printed on receipts such as coupons, announcements, or other calls-to-action such as invitations to participate in a survey. SmartReceipt includes a Web-based interface where users can design receipt content and implement business rules to dictate what receipt content is printed in particular situations. All receipt content is also transmitted to SmartReceipt's server back-end for storage and analysis. Our C4 solution integrates with SmartReceipt by support SMS marketing or Stampt mobile application calls-to-actions which can be printed on receipt content by

SmartReceipt.

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

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

### Our Strategy

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

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

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

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

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

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

### Industry Background

We believe industry trends point to a shift in the local marketing industry in both how merchants and brands market their products and services to local customers. We believe that consumers are transitioning to new digital channels

and moving away from legacy marketing channels. It is this transition that we believe has created an opportunity for new and innovative local marketing services and technologies to evolve. We believe that consumers are increasingly devoting their attention and lifestyle to mobile devices and that marketers will need new products, technologies, and services tailored for consumer's mobile devices.

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

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

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

### The Mobivity Solution

Our mobile marketing platform is designed to allow brands to operate mobile marketing campaigns, as well as resellers to market their own mobile marketing platform under their own brand identity. As of the date of this prospectus, we have approximately 11,000 customers utilizing our mobile marketing platform and we deliver on their behalf an average of 12 million SMS text messages per month. We have approximately 6,000 additional customers using our Smart Receipt solution. Our customers are spread over all industries that market to individual consumers and range in size from national franchisers to the single site family-owned business. Our clients access our "C4" solution through a standard Web browser that allows them to directly conduct the setup, messaging, and ongoing Customer Relationship Management (CRM) with the consumers they market to. Our customers are given a dedicated support representative along with account credentials to access their own C4 account from any Web browser.

**Campaign Setup:** Initially, our clients will use their own C4 account on our proprietary platform to design their mobile marketing campaign for purposes of attracting customers to subscribe for the customer's mobile messaging service. In compliance with federal and state laws relating to mobile marketing, marketers typically attract customers to their mobile messaging service through media communications distributed through non-mobile devices, media, other than mobile devices, including store signage, billboards other forms of print media and digital media not directed through a mobile device. Our C4 solution also allows for the creation and design of digital display graphics that can be displayed on television screens, digital scoreboards, or other digital screens where an animated or more graphically rich solicitation may be desired. Digital displays are particularly useful on large digital scoreboard displays at sporting events. Through these various forms of communication, customers of our clients will be invited to subscribe to SMS text messaging communications (for example, "Join our mobile VIP club! Text "Pizza" to 12345") or to set-up loyalty offers through our Stampt smartphone loyalty application (for example, "Download Stampt, use

your iPhone or Android phone to join our loyalty program – “buy five sandwiches and get one free!”). Consumers responding to these communications will be directed to our clients’ own C4 account on our proprietary platform, where our platform records and stores the consumer’s relevant information for access by our client stores. Once the consumer has subscribed to our customer’s mobile marketing campaign, our C4 solution serves as a tool by which our customers can initiate messages and other communications back to their subscribed consumers, as well as configure and administer their mobile marketing campaigns.



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**Messaging.** Our C4 platform allows for marketers to instantly message their subscribers via SMS text messaging or “push” messaging to users of the Stampt smartphone application. Our platform is designed to be a fully automated, self-executing tool where our clients access their own C4 account on our proprietary platform, design and create their mobile marketing message, designate to whom among their list of opted-in consumers the message will be sent and then select the time (or times) the message will be distributed. Each customer is assigned a dedicated support representative to provide support in this process, however the platform is designed to provide the customer with the ability to design and carry-out the entire campaign through their remote online access to our platform. Our customers are provided with an instant communication channel to alert their subscribers of events, specials, or other announcements. Our C4 platform provides various messaging tools for marketers to create and initiate these messages in real-time or for future broadcasts. The solution also allows the marketer to connect to Facebook or Twitter accounts so that their messaging broadcasts to select social media channels if desired.

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

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

**Smart Receipt.** Our SmartReceipt solution enables our customers the ability to control the content on receipts printed from their Point of Sale (POS) system. SmartReceipt is a software application that is installed on the POS which dynamically controls what is printed on receipts such as coupons, announcements, or other calls-to-action such as invitations to participate in a survey. SmartReceipt includes a Web-based interface where users can design receipt content and implement business rules to dictate what receipt content is printed in particular situations. All receipt content is also transmitted to SmartReceipt’s server back-end for storage and analysis. Our C4 solution integrates with SmartReceipt by support SMS marketing or Stampt mobile application calls-to-actions which can be printed on receipt content by SmartReceipt.

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

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

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### Marketing and Sales

We market and sell the services offered over our proprietary C4 platform directly through our own sales force, via resellers, and in some cases through agents.

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

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

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

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

Our services are predominantly marketed and sold in the form of a recurring software licensing fee that is determined by desired features and the number of physical locations our customers would like to deploy the services in. For example, a customer who exclusively utilizes our SMS text messaging feature for one location will pay a much lower recurring licensing fee than a marketer who desires our full breadth of product features and needs to drive localized marketing campaigns across 50 locations in various cities or locales.

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

### Our Platform

We believe that the ability to conceptualize, create, and execute mobile marketing campaigns or enterprise applications are directly affected by software and tools available to design and deliver mobile messaging solutions efficiently and effectively. We also believe that fragmented tool sets, costly service models, and prolonged time-to-market will impede and impair the design and delivery of mobile messaging solutions.

Our Web-based solution, “C4”, is a unified services creation environment empowering brands and enterprises with the ability to create, manage, and report on campaigns through a set of hosted Web tools.

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### Research and Development

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

Our total engineering, research and development expenditures in 2013 and 2012 were \$824,653 and \$562,459, respectively. We expect our total research and development expenditures in calendar year 2014 to be approximately \$1,000,000.

### Competition

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

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

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

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

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

**Scalability.** We believe that our platform is more scalable than most if not all of our competitors. Many of our customers require large volumes of mobile marketing messages to be transacted and a high quantity of end users operating our Web-based product features. We have grown our monthly messaging volume from less than 1 million SMS text messages per month in 2010 to more than 12 million per month as of the date of this prospectus. The number of customers utilizing our Web-based products has also grown from less than 100 in 2010 to more than 17,000 as of the date of this prospectus.

Seasonality

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

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### Intellectual Property

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

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

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

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

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

### Government Regulation

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

issues such as user privacy and data protection, marketing, advertising, consumer protection and mobile disclosures in many instances is unclear or unsettled.

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

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

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

**Behavioral Advertising.** Behavioral advertising is a technique used by online publishers and advertisers to increase the effectiveness of their campaigns. Behavioral advertising uses information collected from an individual's web-browsing behavior, such as the pages they have visited or the searches they have made, to select which advertisements to display to that individual. This data can be valuable for online marketers looking to personalize advertising initiatives or to provide geo-tags through mobile devices. Many businesses adhere to industry self-governing principles, including an opt-out regime whereby information may be collected until an individual indicates that he or she no longer agrees to have this information collected. The FTC and EU member states are considering regulations in this area, which may include implementation of a more rigorous opt-in regime. An opt-in policy would prohibit businesses from collecting and using information from individuals who have not voluntarily consented. Among other things, the implementation of an opt-in regime could require substantial technical support and negatively impact the market for our mobile advertising products and services. A few states have also introduced bills in recent years that would restrict behavioral advertising within the state. These bills would likely have the practical effect of regulating behavioral advertising nationwide because of the difficulties behind implementing state-specific policies or identifying the location of a particular consumer. There have also been a large number of class action suits filed against companies engaged in behavioral advertising.

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



interest the FTC's discussions regarding behavioral advertising and may follow suit by imposing additional privacy requirements for mobile advertising practices.

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

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

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

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

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

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



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

Employees

As of the date of this prospectus, we had 53 full-time employees, 3 part-time employee and 3 contract employees. Our sales, marketing, and business development functions are provided by 24 full-time employees.. Our engineering and research and development functions are provided by 7 full-time employees, 2 part time employees and 2 independent contractors. Our client service functions are provided by 16 full time employees and 1 independent contractor. Our general administration, finance, and executive management consist of 6 full-time employees and 1 part-time employee.

Property

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

We also have a month to month lease for approximately 1000 square feet of office space in Solana Beach, California at a monthly expense of \$2,500; a month to month lease for approximately 700 square feet of office space in North Huron, Michigan at a monthly expense of \$600; and a lease through September 2014 of approximately 2,864 square feet of office space in Santa Barbara, California at a monthly expense of \$6,800.

Litigation

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

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## MANAGEMENT

Set forth below are our directors and officers:

| Name             | Age | Position  |
|------------------|-----|---|
| Dennis Becker    | 40  | Chief Executive Officer and Chairman of the Board |
| Michael K. Bynum | 58  | President and Director                            |
| Timothy Schatz   | 43  | Chief Financial Officer                           |
| Tom Tolbert      | 43  | Executive Vice President and Chief Sales Officer  |
| David Jaques     | 58  | Director  |
| Philip Guarascio | 63  | Director  |
| Doug Schneider   | 51  | Director  |
| John Harris      | 65  | Director  |

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

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

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

Mr. Tolbert was appointed as our Executive Vice President and Chief Sales Officer on May 20, 2013. Prior to joining the Company, Mr. Tolbert served as chief executive officer of Front Door Insights, LLC, from 2009 to 2013, which

was recently acquired by the Company. From 2002 to 2008, Mr. Tolbert served as regional vice president and then senior vice president of sales at KW Brock Directories, a Pittsburg, Kansas based business engaged in delivering print and digital marketing services to local advertisers.

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

Mr. Guarascio has served as a director since February 2014. Mr. Guarascio has been the Chairman and Chief Executive Officer of PG Ventures LLC since May 2000 where he serves as a marketing and advertising business consultant. He was Lead Executive, Marketing and Sales at the National Football League from 2003-2007 and has been a consultant for the William Morris Agency since October 2001. For 16 years, Mr. Guarascio was with General Motors where he served as Vice President of Corporate Advertising and Marketing primarily responsible for worldwide advertising resource management, managing consolidated media placement and before that as General Manager of Marketing and Advertising for General Motors' North American Operations. Mr. Guarascio introduced the GM Card and managed the General Motors corporate brand to a 20 percent increase in customer purchase consideration. He joined General Motors in 1985 after 21 years with the New York advertising agency, D'Arcy, Masius, Benton & Bowles.

Mr. Guarascio has extensive experience in the marketing and advertising industry. Based on this and other professional qualifications, we have concluded that Mr. Guarascio is qualified to serve as a director.

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

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





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## Executive Compensation

The following table summarizes the total compensation earned by our chief executive officer and our other two most highly paid executive officers for the years ended December 31, 2013 and 2012.

Summary Compensation Table

| Name and Principal Position  | Year | Salary     | Bonus     | Option Awards | Total      |
|------------------------------|------|------------|-----------|---------------|------------|
| Dennis Becker, CEO (1)       | 2013 | \$ 240,580 | \$ 37,010 | \$ 464,636    | \$ 742,226 |
| Dennis Becker, CEO (1)       | 2012 | \$ 228,906 | \$ 60,000 | \$ 191,342    | \$ 480,248 |
| Tom Tolbert, CSO (2)         | 2013 | \$ 100,869 | \$ 15,250 | \$ 432,489    | \$ 548,608 |
| Michael Bynum, President (3) | 2013 | \$ 115,972 | \$ 5,249  | \$ 432,489    | \$ 553,710 |

(1) The Option Award expense for our executive officers refers to options granted by our board of directors pursuant to our stock-based compensation plans approved by the board of directors.

(2) Tom Tolbert was appointed Chief Sales Officer effective May 20, 2013. Amounts in the table above reflect his compensation after his appointment.

(3) Michael Bynum was appointed President effective May 20, 2013. Amounts in the table above reflect his compensation after his appointment.

The amounts reported in Option Awards column of the table above reflect the aggregate compensation costs for financial statement reporting purposes for fiscal 2013 and 2012 under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, Compensation – Stock Compensation (formerly referenced as Statement of Financial Accounting Standards No. 123(R)). These amounts do not reflect amounts paid to or realized by the executive officers for fiscal 2013 or 2012. Actual amounts earned for fiscal 2013 and 2012 are included in the Summary Compensation Table above. For information on the method and assumptions used to calculate the compensation costs, see Note 7 to our audited consolidated financial statements contained herein.

Narrative Disclosure to Executive Compensation Table; Employment Agreements

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Dennis Becker

On January 11, 2011, we entered into an employment agreement with Dennis Becker. Under the terms of the agreement, Mr. Becker will serve as our President and Chief Executive Officer for an initial term of three years from December 24, 2010 (the "Effective Date"). Unless terminated no less than 90 days prior to the expiration date by either party, the agreement is renewed automatically for successive one year periods. Under the agreement, Mr. Becker is paid a base annual salary of \$120,000. The base salary is subject to an annual increase at the sole discretion our board of directors. In addition to regular annual increases, the base salary will be increased by \$30,000 (up to a cumulative maximum of \$60,000) for each acquisition of the stock or all or substantially all of the assets of a third party entity, or the formation of joint ventures resulting in operating cash flows minus capital expenditures and dividends of no less than \$25,000 during a three month period ending six months after the completion of each such acquisition or formation of such joint venture. In addition, his salary will be increased to \$225,000 in the event we complete a financing transaction of no less than \$3,000,000 and we complete one acquisition. The board may further award him, at its sole discretion, an annual bonus of up to 50% of his base salary and grant him stock options.

If the agreement is terminated by us without cause (as defined in the agreement) or the we notify Mr. Becker that we will not renew the agreement, we will be required to pay him a severance payment equal to six months of his base salary payable in regular intervals following such termination or expiration of the agreement.

The agreement includes non-compete, non-solicitation, intellectual property assignment and confidentiality provisions that are customary in our industry.

Michael K. Bynum

In connection with the our acquisition of FDI, on May 20, 2013, our board of directors appointed Michael K. Bynum to serve as president and a member of our board.. The board also approved the employment agreement between the Company and Mr. Bynum described below.

Pursuant to his employment agreement with us, Mr. Bynum has agreed to serve as our president for a three year term expiring on May 19, 2016, subject to automatic renewal for additional one year periods unless either party elects not to renew prior to the end of the then current term. Mr. Bynum's duties and authorities include those typically associated with the office of president and Mr. Bynum has agreed to devote all of his business time to our affairs.

We have agreed to pay Mr. Bynum a base salary \$200,000, subject to annual review by the compensation committee of our board of directors. We have also agreed to pay Mr. Bynum a quarterly bonus of one percent (1%) of our gross revenues Mr. Bynum is eligible to participate in all benefits, plans, and programs, including improvements or modifications of the same, which are now, or may hereafter be, available to our other executive employees.

Mr. Bynum's employment agreement contains standard provisions concerning noncompetition, nondisclosure and indemnification.

Pursuant to Mr. Bynum's employment agreement, the Company agreed to grant Mr. Bynum an option to purchase 1,391,087 shares of Company common stock. The exercise price of the option shall be \$1.80, the fair market value on date of grant. The option will vest and first become exercisable as follows: (a) 20% of the shares underlying the option will vest and first become exercisable upon the date of grant; (b) 40% of the shares underlying the option will vest and first become exercisable when the Company realizes \$10,000,000 of gross revenue over any fiscal year; and (c) the final 40% of the shares underlying the option will vest and first become exercisable at the rate of 1/48th per month over a 48 month period commencing on date of grant, provided that the vesting of the final 40% shall

accelerate and become fully vested when the Company realizes \$15,000,000 of gross revenue over any fiscal year. Mr. Bynum's option shall otherwise be on terms and conditions the current equity incentive plan.

In the event Mr. Bynum's employment with us is terminated by Mr. Bynum for good reason, by us without cause or we elects not to renew his agreement, we shall pay Mr. Bynum, in addition to all other amounts then due and payable, 12 additional monthly installments of his base salary.

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## Tom Tolbert

In connection with our acquisition of FDI, on May 20, 2013, our board of directors appointed Tom Tolbert to serve as our chief sales officer. Our board also approved the employment agreement between the Company and Mr. Tolbert described below.

Pursuant to his employment agreement with us, Tom Tolbert has agreed to serve as our executive vice president and chief sales officer for a three year term expiring on May 19, 2016, subject to automatic renewal for additional one year periods unless either party elects not to renew prior to the end of the then current term. Tolbert's duties and authorities include those typically associated with the office of executive vice president and chief sales officer and Mr. Tolbert has agreed to devote all of his business time to our affairs.

We have agreed to pay Mr. Tolbert a base salary \$175,000, subject to annual review by the compensation committee of our board of directors. We have also agreed to pay Mr. Tolbert a quarterly bonus of one percent (1%) of our gross revenues. Pursuant to his employment agreement with us, Mr. Tolbert is eligible to participate in all benefits, plans, and programs, including improvements or modifications of the same, which are now, or may hereafter be, available to our other executive employees. Mr. Tolbert's employment agreement contains standard provisions concerning noncompetition, nondisclosure and indemnification.

Pursuant to Mr. Tolbert's employment agreement, the Company agreed to grant Mr. Tolbert an option to purchase 1,391,087 shares of Company common stock. The exercise price of the option shall be \$1.80, the fair market value on date of grant. The option will vest and first become exercisable as follows: (a) 20% of the shares underlying the option will vest and first become exercisable upon the date of grant; (b) 40% of the shares underlying the option will vest and first become exercisable when the Company realizes \$10,000,000 of gross revenue over any fiscal year; and (c) the final 40% of the shares underlying the option will vest and first become exercisable at the rate of 1/48th per month over a 48 month period commencing on grant date, provided that the vesting of the final 40% shall accelerate and become fully vested when the Company realizes \$15,000,000 of gross revenue over any fiscal year. Mr. Tolbert's option shall otherwise be on terms and conditions the current equity incentive plan.

In the event Mr. Tolbert's employment with us is terminated by Mr. Tolbert for good reason, by us without cause or we elect not to renew his agreement, we shall pay Mr. Tolbert, in addition to all other amounts then due and payable, 12 additional monthly installments his base salary.

## Non-Employee Director Compensation

2013 Director Compensation Table

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

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

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## Narrative Disclosure to Director Compensation Table

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

## Outstanding Equity Awards at December 31, 2013

The following table presents the outstanding option awards held by each of our named executive officers as of December 31, 2013, including the value of the options awards.

| Name                  | Number of Securities Underlying Unexercised Options (#) Exercisable | Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price | Option Expiration Date |
|-----------------------|---|---|-----------------------|------------------------|
| Dennis Becker, CEO    | 78,125  | 26,042  | \$ 1.92               | 12/24/2015             |
| Dennis Becker, CEO    | 156,497   | 1,095,482   | \$ 1.80               | 6/17/2023              |
| Tom Tolbert, CSO      | 278,217   | 1,112,870   | \$ 1.80               | 6/17/2023              |
| Mike Bynum, President | 278,217   | 1,112,870   | \$ 1.80               | 6/17/2023              |

## Compensation Committee Interlocks and Insider Participation

During the year ended December 31, 2013, our compensation committee was comprised of Randall Smith and John Harris. None of our executive officers serve on the board of directors of another entity, whose executive officers serves on our board of directors.

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

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



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Related Party Transactions, Promoters and Director Independence

We had no transactions or series of transactions since January 1, 2012, and we have no currently proposed transactions, to which we have been or are proposed to be a party, in which the amount involved in the transaction or series of transactions exceeds the lesser of \$120,000 or one percent of the average of our total assets as of December 31, 2013 and December 31, 2012, and in which any of our directors, executive officers or persons who we know held more than five percent of any class of our capital stock, including their immediate family members, had or will have a direct or indirect material interest, other than as described below or compensation arrangements that are described under “Employment Agreements” above.

In March 2012, we began work on two projects for Optimal Payments Corporation (“Optimal”) and recognized revenue of \$162,500. A member of our Board of Directors was President of Sterling Card Solutions, which had a minority ownership position in Optimal. Optimal is a shareholder of ours. The individual involved in this transaction left our Board of Directors in 2013.

On March 12, 2014 several officers and directors participated in our private placement. Dennis Becker purchased 25,000 units at a price of \$1.00 per unit, resulting in issuance of 25,000 common shares and 6,250 warrants with an exercise price of \$1.20 per share. Michael Bynum purchased 25,000 units at a price of \$1.00 per unit, resulting in issuance of 25,000 common shares and 6,250 warrants with an exercise price of \$1.20 per share. David Jaques purchased 25,000 units at a price of \$1.00 per unit, resulting in issuance of 25,000 common shares and 6,250 warrants with an exercise price of \$1.20 per share. John Harris purchased 25,000 units at a price of \$1.00 per unit, resulting in issuance of 25,000 common shares and 6,250 warrants with an exercise price of \$1.20 per share.

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

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



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## PRINCIPAL STOCKHOLDERS

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

All of our directors and executive officers, individually;

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

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

The beneficial ownership of each person was calculated based on 22,237,762 shares of our common stock outstanding as of the date of this prospectus. The SEC has defined “beneficial ownership” to mean more than ownership in the usual sense. For example, a person has beneficial ownership of a share not only if he owns it in the usual sense, but also if he has the power (solely or shared) to vote, sell or otherwise dispose of the share. Beneficial ownership also includes the number of shares that a person has the right to acquire within 60 days of the date of this prospectus, pursuant to the exercise of options or warrants or the conversion of notes, debentures or other indebtedness, but excludes stock appreciation rights. Two or more persons might count as beneficial owners of the same share. Unless otherwise indicated, the address of each person or entity below is c/o the Company, 58 West Buffalo Road, Suite 200, Chandler, AZ 85225.

| Name of Director or Executive Officer                            | Number of Shares | Percentage |
|--|------------------|------------|
| Dennis Becker (1)  | 553,010          | 2.4%       |
| Timothy Schatz(2)  | 185,160          | *          |
| Michael K. Bynum(3)  | 460,262          | 2.1 %      |
| David Jaques(4)  | 57,098           | *          |
| Doug Schneider( 5 )  | 116,875          | *          |
| John Harris( 6 )   | 83,210           | *          |
| Phillip Guarascio  | 31,250           | *          |
| Tom Tolbert( 7 )   | 726,510          | 3.2%       |
| All Executive Officers and Directors as a Group ( eight persons) | 2,213,375        | 9.6 %      |

\* Denotes less than 1%

| Name and Address of 5%                                    | Number of Shares | Percentage |
|---|------------------|------------|
| Jeffrey Porter( 8 )                                       | 2,696,826        | 12.1%      |
| 300 Drakes Landing Road, Suite 175<br>Greenbrae, CA 94941 |                  |            |
| ACT Capital Management, LLLP                              | 1,958,679        | 8.8%       |
| 2 Radnor Corporate Center, Suite 111<br>Radnor, PA 19087  |                  |            |

(1) Includes 425,097 shares underlying presently exercisable options and warrants.

(2) Includes 149,377 shares underlying presently exercisable options and warrants.

(3) Includes 347,994 shares underlying presently exercisable options and warrants.

(4) Includes 32,098 shares underlying presently exercisable options and warrants.



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( 5 ) Includes 92,257 shares underlying presently exercisable options and warrants.

( 6 ) Includes 37,376 shares underlying presently exercisable options and warrants.

( 7 ) Includes 440,510 shares underlying presently exercisable options.

( 8 ) Includes shares owned by Porter Partners, LP, Ben Joseph Partners, EDJ Limited, and Porter Family Living Trust dtd 9/5/2006. Jeffrey Porter, as the General Partner of Porter Capital Management Co., which is the managing general partner of Porter Partners, LP, has voting and dispositive power over the securities. Jeffrey Porter, as the General Partner of Porter Capital Management Co., which is the managing general partner of Ben Joseph Partners, has voting and dispositive power over the securities. Jeffrey Porter, as the General Partner of Porter Capital Management Co., which is the trading advisor of EDJ Limited, has voting and dispositive power over the securities. Jeffrey Porter, as trustee of the Porter Family Living Trust dtd 9/5/2006, has voting and dispositive power over the securities.

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DESCRIPTION OF SECURITIES

Common Stock

We are authorized to issue 50,000,000 shares of common stock. As of the date of this prospectus, there are 22,237,762 shares of our common stock issued and outstanding. Except as described below, there are no other agreements or outstanding options, warrants or similar rights that entitle their holder to acquire from us any of our equity securities.

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

Dividends

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

Stock Incentive Plans

We have adopted the 2010 Incentive Stock Plan providing for the grant of non-qualified stock options and incentive stock options to purchase shares of our common stock and for the grant of restricted share grants. We have reserved 520,667 shares of our common stock under the plan. The purpose of the plan is to provide eligible participants with an opportunity to acquire an ownership interest in our company. All officers, directors, employees and consultants to our company are eligible to participate under the plan. The plan provides that options may not be granted at an exercise price less than the fair market value of our common shares on the date of grant. As of the date of this prospectus, there are outstanding options which entitle their holders to purchase 476,667 shares of our common stock at a weighted-average exercise price of \$3.78 per share. All of the options are subject to vesting based on the holders' continued service to the Company.

We have also adopted the Mobivity Holdings Corp. 2013 Stock Incentive Plan providing for the grant of non-qualified stock options and incentive stock options to purchase shares of our common stock and for the grant of restricted share grants. We have reserved 5,564,348 shares of our common stock under the plan. The purpose of the plan is to provide eligible participants with an opportunity to acquire an ownership interest in our company. All officers, directors, employees and consultants to our company are eligible to participate under the plan. The plan provides that options may not be granted at an exercise price less than the fair market value of our common shares on the date of grant. As of the date of this prospectus, there are outstanding options which entitle their holders to purchase 6,075,964 shares of our common stock at a weighted-average exercise price of \$2.02 per share. All of the options are subject to vesting based on the holders' continued service to the Company.

Transfer Agent

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

LEGAL MATTERS

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

EXPERTS

M&K CPAS, PLLC has audited, as set forth in their report appearing elsewhere in this prospectus, our financial statements as of and for the fiscal years ended December 31, 2013 and 2012. We have included our financial statements in the prospectus in reliance on M&K CPAS, PLLC's report, given on their authority as experts in accounting and auditing.

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AVAILABLE INFORMATION

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

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Mobivity Holdings Corp. (the "Company") as of December 31, 2013 and 2012 and the related statements of operations, stockholders' equity (deficit) and cash flows for the twelve month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of the Company as of December 31, 2013 and 2012 and the results of its operations and cash flows for the periods described above in conformity with accounting principles generally accepted in the United States of America.

/s/ M&K CPAS, PLLC  
www.mkacpas.com  
Houston, Texas  
March 31, 2014

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Mobivity Holdings Corp.  
Consolidated Balance Sheets

|  | December<br>31, 2013 | December<br>31, 2012 |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Current assets   |                      |                      |
| Cash   | \$2,572,685          | \$363                |
| Accounts receivable, net of allowance for doubtful accounts of \$65,975 and \$44,700, respectively | 280,667              | 414,671              |
| Other current assets   | 140,114              | 30,009               |
| Total current assets   | 2,993,466            | 445,043              |
| Goodwill   | 3,108,964            | 2,259,624            |
| Intangible assets, net   | 935,316              | 444,112              |
| Other assets   | 63,944               | 201,228              |
| <b>TOTAL ASSETS</b>  | <b>\$7,101,690</b>   | <b>\$3,350,007</b>   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>  |                      |                      |
| Current liabilities  |                      |                      |
| Accounts payable   | \$543,647            | \$514,949            |
| Accrued interest   | 16,943               | 321,368              |
| Accrued and deferred personnel compensation  | 191,041              | 299,534              |
| Deferred revenue - related party   | -                    | 35,262               |
| Deferred revenue and customer deposits   | 136,523              | 181,731              |