

BLUE CALYPSO, INC.  
Form 10-Q  
May 14, 2015

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

**FORM 10-Q**

(Mark One)

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

**For the Quarterly Period Ended March 31, 2015**

or

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

**For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 000-53981**

**BLUE CALYPSO, INC.**

**(Exact name of registrant as specified in its charter)**

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**Delaware**  
(State or other  
jurisdiction of  
incorporation or  
organization)

**20-8610073**  
(I.R.S.  
Employer  
Identification  
No.)

**101 W Renner Rd, Suite 280**

**Richardson, Texas 75082**

(Address of principal executive offices) (zip code)

**(972) 695-4776**

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

|                               |                                      |
|-------------------------------|--------------------------------------|
| Large ..<br>accelerated filer | Accelerated ..<br>filer              |
| Non-accelerated ..<br>filer   | Smaller<br>reporting .. x<br>company |

(Do not check if a smaller reporting company)

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

As of May 14, 2015, there were 248,996,580 shares of registrant's common stock outstanding.

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**BLUE CALYPSO, INC.**

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**PART I FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**BLUE CALYPSO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

|               | March 31,<br>2015<br>(unaudited) | December 31,<br>2014                         |
|---------------|----------------------------------|--|
| <b>ASSETS</b> |                                  |  |
|               |                                  | Current assets:                              |
|               |                                  | Cash   |
|               |                                  | \$   |
|               |                                  | 640,243                                      |
|               |                                  | \$   |
|               |                                  | 1,103,201                                    |
|               |                                  | Accounts receivable                          |
|               |                                  | 106,621                                      |
|               |                                  | 167,396                                      |
|               |                                  | Prepaid expenses and<br>other current assets |
|               |                                  | 37,820                                       |
|               |                                  | 50,356                                       |
|               |                                  | Total current assets                         |
|               |                                  | 784,684                                      |
|               |                                  | 1,320,953                                    |

Property and equipment,  
net

10,082

6,315

Other assets:

Capitalized software  
development costs, net  
of accumulated  
amortization of  
\$1,069,745 and  
\$986,502 as of March  
31, 2015 and December  
31, 2014, respectively

788,538

794,551

Total assets

\$

1,583,304

\$

2,121,819

**LIABILITIES AND  
STOCKHOLDERS'  
EQUITY**

Current liabilities:

Accounts payable

\$

33,110

|   |         |
|---|---------|
| \$  |         |
|   | 24,600  |
| Accrued expenses  |         |
|   | 182,313 |
|   | 236,526 |
| Deferred revenue  |         |
|   | 1,100   |
|   | 1,100   |
| Total current liabilities   |         |
|   | 216,523 |
|   | 262,226 |
| Stockholders' equity:   |         |
| Preferred stock, \$0.0001 par value; 5,000,000 shares authorized: Series A convertible preferred stock, \$0.0001 par value; 1,700,000 shares designated; -0- and 161,827 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively |         |
|   | -       |
|   | 16      |
| Common stock, \$0.0001 par value; 680,000,000 shares authorized, 248,996,580 and 245,130,308 shares issued and outstanding  |         |



as of March 31, 2015  
and December 31, 2014,  
respectively

24,900

24,514

Additional paid in  
capital

34,117,960

34,002,297

Accumulated deficit

(32,776,079)

(32,167,234)

Total stockholders'  
equity

1,366,781

1,859,593

Total liabilities and  
stockholders' equity

\$

1,583,304

\$

2,121,819

See the accompanying notes to these unaudited condensed consolidated financial statements



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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

|   | Three months ended March 31, |                |
|---|------------------------------|----------------|
|   | 2015                         | 2014           |
| REVENUE   | \$ 115,725                   | \$ 164,215     |
| Cost of revenue   | 55,112                       | 73,747         |
| Gross profit  | 60,613                       | 90,468         |
| <b>OPERATING EXPENSES:</b>                                    |                              |                |
| Sales and marketing   | 48,574                       | 163,517        |
| General and administrative                                    | 535,547                      | 1,072,376      |
| Depreciation and amortization                                 | 84,621                       | 83,415         |
| Total operating expenses                                      | 668,742                      | 1,319,308      |
| Loss from operations  | (608,129)                    | (1,228,840)    |
| Other expense:  |                              |                |
| Change in fair value of derivative liabilities                | -                            | 1,543          |
| Interest expense  | (716)                        | (518,064)      |
| Total other expense   | (716)                        | (516,521)      |
| NET LOSS  | \$ (608,845)                 | \$ (1,745,361) |
| Net loss per common share, basic and diluted                  | \$ (0.00)                    | \$ (0.01)      |
| Weighted average common shares outstanding, basic and diluted | 245,883,588                  | 200,065,680    |

See the accompanying notes to these unaudited condensed consolidated financial statements

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
**THREE MONTHS ENDED MARCH 31, 2015**  
**(unaudited)**

|   | Preferred Stock |        | Common Stock |           | Additional         | Accumulated     | Total                   |
|---|-----------------|--------|--------------|-----------|--------------------|-----------------|-------------------------|
|   | Shares          | Amount | Shares       | Amount    | Paid in<br>Capital | Deficit         | Stockholders'<br>Equity |
| Balance,<br>January 1,<br>2015                              | 161,827         | \$ 16  | 245,130,308  | \$ 24,514 | \$ 34,002,297      | \$ (32,167,234) | \$ 1,859,593            |
| Conversion of<br>preferred<br>shares to<br>common<br>shares | (161,827)       | (16)   | 2,382,312    | 238       | (222)              | -               | -                       |
| Shares issued<br>for services<br>rendered                   | -               | -      | 393,473      | 39        | 59,840             | -               | 59,879                  |
| Stock based<br>compensation                                 | -               | -      | 1,090,487    | 109       | 56,045             | -               | 56,154                  |
| Net loss  | -               | -      | -            | -         | -                  | (608,845)       | (608,845)               |
| Balance,<br>March 31,<br>2015                               | -               | \$ -   | 248,996,580  | \$ 24,900 | \$ 34,117,960      | \$ (32,776,079) | \$ 1,366,781            |

See the accompanying notes to these unaudited condensed consolidated financial statements

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

|   | Three months ended March 31, |                |
|---|------------------------------|----------------|
|   | 2015                         | 2014           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |                              |                |
| Net loss  | \$ (608,845)                 | \$ (1,745,361) |
| Adjustments to reconcile net loss to net cash used in operating activities: |                              |                |
| Depreciation and amortization   | 84,621                       | 83,415         |
| Bad debt expense  | 18,476                       | -              |
| Amortization of debt discounts  | -                            | 55,948         |
| Interest from warrant modification  | -                            | 446,925        |
| Change in fair value of derivative liabilities                              | -                            | (1,544)        |
| Stock based compensation  | 56,154                       | 513,727        |
| Common stock issued for services rendered                                   | 59,879                       | -              |
| Changes in operating assets and liabilities:                                |                              |                |
| Accounts receivable   | 42,299                       | (112,240)      |
| Prepaid expenses and other current assets                                   | 12,536                       | 15,024         |
| Accounts payable  | 8,510                        | 2,493          |
| Accrued expenses  | (54,213)                     | 100,598        |
| Deferred revenue  | -                            | 10,475         |
| Net cash used in operating activities                                       | (380,583)                    | (630,540)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                 |                              |                |
| Purchase of fixed assets  | (5,144)                      | -              |
| Software development costs  | (77,231)                     | (8,985)        |
| Net cash used in investing activities                                       | (82,375)                     | (8,985)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |                              |                |
| Proceeds from exercise of warrants  | -                            | 1,024,558      |
| Net cash provided by financing activities                                   | -                            | 1,024,558      |
| Net (decrease) increase in cash   | (462,958)                    | 385,033        |
| Cash at beginning of period   | 1,103,201                    | 1,294,882      |
| Cash at end of period   | \$ 640,243                   | \$ 1,679,915   |
| <b>SUPPLEMENTAL INFORMATION</b>   |                              |                |
| Cash paid for interest  | \$ 27,976                    | \$ -           |
| Cash paid for income taxes  | \$ -                         | \$ -           |
| Non-cash investing and financing activities:                                | -                            | -              |

See the accompanying notes to these unaudited condensed consolidated financial statements

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
**(unaudited)**

**NOTE 1 NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Blue Calypso, Inc., a Delaware corporation (the "Company"), is engaged in the development, licensing and enforcement of technology and intellectual property focused on digital word-of-mouth marketing and advertising. In January 2014, the Company transitioned from a development stage enterprise to an operating company.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ) for interim financial information. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial statements of the Company as of March 31, 2015 and for the three months ended March 31, 2015 and 2014. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the operating results for the full year ending December 31, 2015, or any other period. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related disclosures of the Company as of December 31, 2014 and for the year then ended, which were filed with the Securities and Exchange Commission on Form 10-K on March 17, 2015.

**NOTE 2 GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS**

As of March 31, 2015, the Company had cash of \$640,243 and working capital of \$568,161. During the three months ended March 31, 2015, the Company used net cash in operating activities of \$380,583. The Company has incurred net losses since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company believes that its current cash on hand will be sufficient to fund its projected operating requirements through June 2015.

The Company's primary source of operating funds since inception has been cash proceeds from private placements of common stock, preferred stock, convertible debentures and the exercise of warrants. The Company intends to raise additional capital through private issuances of debt and equity instruments, but there can be no assurance that these funds will be available on terms acceptable to the Company, or will be sufficient to enable the Company to fully execute on its business plan or sustain operations. If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce overhead, or scale back its current business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

Accordingly, the accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplates continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.



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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
**(unaudited)**

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Principles of Consolidation*

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the recoverability and useful lives of long-lived assets, the fair value of the Company's stock, stock-based compensation, debt discounts and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

*Concentrations of Credit Risk*

As of March 31, 2015, three customers represented 28%, 50% and 12% of the Company's accounts receivable. As of December 31, 2014, two customers represented 62% and 20% of the Company's accounts receivable.

During the three months ended March 31, 2015, three customers represented 11%, 64% and 15% of total revenue. During the three months ended March 31, 2014, two customers represented 71% and 13% of total revenue.

*Net Loss per Share*

The Company computes basic net loss per share by dividing net loss per share available to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the treasury stock and/or if converted methods as applicable. The computation of basic and diluted loss per share for the three months ended March 31, 2015 and 2014 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
**(unaudited)**

Potentially dilutive securities excluded from the computation of basic and diluted net loss per share are as follows:

|                                      | March 31,  | March 31,  |
|--------------------------------------|------------|------------|
|                                      | 2015       | 2014       |
| Convertible notes payable            | -          | 3,000,000  |
| Series A convertible preferred stock | -          | 11,045,655 |
| Options to purchase common stock     | 22,365,236 | 23,110,318 |
| Warrants to purchase common stock    | 11,045,654 | 12,004,589 |
| Restricted stock units               | 1,090,487  | 5,532,640  |
| Totals                               | 34,501,377 | 54,693,202 |

*Recent Accounting Pronouncements*

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

*Subsequent Events*

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements, except as disclosed.

**NOTE 4 STOCKHOLDERS EQUITY**

On March 3, 2015, 161,827 shares of the Company's Series A Convertible Preferred Stock were converted into an aggregate of 2,382,312 shares of common stock at the stated conversion price of \$0.0679 per share.

During the three months ended March 31, 2015, the Company issued 180,053 shares of its common stock as consideration for investor relations services valued at \$30,000.

During the three months ended March 31, 2015, the Company issued 213,420 shares of its common stock as consideration for legal services valued at \$29,879.

### *Options*

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from using the Company's historical stock prices for 2015. Prior to 2015, the Company derived the volatility figure from an index of historical stock prices for comparable entities. Management determined this assumption to be a more accurate indicator of value. The Company accounts for the expected life of options based on the contractual life of options for non-employees. For employees, the Company accounts for the expected life of options in accordance with the simplified method, which is used for "plain-vanilla" options, as defined in the accounting standards codification.

The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**(unaudited)**

In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company's forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the number of vested options as a percentage of total options outstanding. If the Company's actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

The Company estimated forfeitures related to option grants at a weighted average annual rate of 0% per year, as the Company does not yet have adequate historical data, for options granted during the three months ended March 31, 2015 and 2014.

The following assumptions were used in determining the fair value of employee and vesting non-employee options during the three months ended March 31, 2015 and 2014:

|  | March 31, 2015  | March<br>31, 2014 |
|--|-----------------|-------------------|
| Risk-free interest rate                | 1.68% - 1.94%   | 2.65% -<br>2.73%  |
| Dividend yield                         | 0%              | 0%                |
| Stock price volatility                 | 140.67%-145.24% | 78.9% -<br>79.2%  |
| Expected life                          | 7 - 10 years    | 8-10<br>years     |
| Weighted average grant date fair value | \$0.11          | \$0.11            |

During the three months ended March 31, 2015, the Company granted options to purchase 375,000 shares of common stock to a new board member. These options vest over a 3 year period, have a term of 10 years, and contain an

exercise price of \$0.10 per share. The options had an aggregate grant date fair value of \$34,945.

|                                | Shares     | Weighted-Average<br>Exercise Price | Weighted-Average<br>Remaining Contractual Term | Aggregate<br>Intrinsic Value |
|--------------------------------|------------|------------------------------------|--|------------------------------|
| Outstanding at January 1, 2015 | 22,052,736 | \$ 0.1687                          | 4.2  | \$ 858,766                   |
| Granted                        | 375,000    | \$ 0.10                            | 10.0   |                              |
| Canceled                       | (62,500)   | \$ 0.12                            |  |                              |
| Outstanding at March 31, 2015  | 22,365,236 | \$ 0.17                            | 3.9  | \$ 429,012                   |
| Exercisable at March 31, 2015  | 16,047,474 | \$ 0.16                            | 3.7  | \$ 373,706                   |

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
**(unaudited)**

The following table presents information related to stock options at March 31, 2015:

|    | Options Outstanding |            | Options Exercisable<br>Weighted |                          |
|----|---------------------|------------|---------------------------------|--------------------------|
|    | Exercise            | Number of  | Average<br>Remaining<br>Life    | Exercisable<br>Number of |
|    | Price               | Options    | In Years                        | Options                  |
| \$ | 0.00-0.10           | 8,254,043  | 4.3                             | 7,342,585                |
|    | 0.11-0.25           | 12,841,193 | 3.5                             | 7,658,222                |
|    | 0.26-0.50           | 750,000    | 5.0                             | 750,000                  |
|    | 0.51-0.90           | 520,000    | 5.0                             | 296,667                  |
|    |                     | 22,365,236 | 3.9                             | 16,047,474               |

As of March 31, 2015, stock-based compensation of \$140,587 remains unamortized and is expected to be amortized over the weighted average remaining period of 2 years.

The stock-based compensation expense related to option grants was \$56,154 and \$75,717 during the three months ended March 31, 2015 and 2014, respectively.

*Restricted Stock*

As of March 31, 2015, the Company had unissued restricted shares of 1,090,487. Stock based compensation expense related to restricted stock grants was \$-0- and \$438,010 for the three months ended March 31, 2015 and 2014, respectively. As of December 31, 2014, there was no stock-based compensation relating to restricted stock unamortized, since the remaining unamortized expense was charged to operations upon the departure of the

Company's former Chief Executive Officer in December 2014.



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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
**(unaudited)**

*Warrants*

The following table summarizes information with respect to outstanding warrants to purchase common stock of the Company, all of which were exercisable, at March 31, 2015:

| Exercise<br>Price | Number<br>Outstanding | Expiration Date |
|-------------------|-----------------------|-----------------|
| \$ 0.10           | 11,045,654            | August 2016     |

The following table summarizes the warrant activity for the two years ended December 31, 2014:

|                                      | Weighted-Average<br>Weighted-Average<br>Exercise<br>Shares | Price   | Weighted-Average<br>Remaining<br>Contractual Term | Aggregate<br>Intrinsic<br>Value |
|--------------------------------------|--|---------|---|---------------------------------|
| Outstanding<br>at January<br>1, 2015 | 11,045,654   | \$ 0.10 | 1.7   | \$ 1,325,478                    |
| Grants                               | -  |         |   | \$ -                            |
| Exercised                            | -  |         |   |                                 |
| Forfeitures<br>or<br>expirations     | -  |         |   |                                 |
| Outstanding<br>at March<br>31, 2015  | 11,045,654   | \$ 0.10 | 1.4   | \$ 1,015,096                    |
| Exercisable<br>at March<br>31, 2015  | 11,045,654   | \$ 0.10 | 1.4   | \$ 1,015,096                    |

**NOTE 5 RELATED PARTY TRANSACTIONS**

The Company appointed a new Chief Financial Officer during August 2014. Blue Calypso utilizes Assure Professional, LLC ( Assure ) to provide certain outsourced accounting services. The Company s current Chief Financial Officer is a partial owner of Assure. The Company incurred expense of \$6,750 in exchange for these services during the three months ended March 31, 2015. Included in accounts payable at March 31, 2015 was \$2,250 due to Assure.

Mr. D. Jonathan Merriman, joined the Company s Board of Directors during December 2014. Mr. Merriman is the CEO of Merriman Capital, Inc. ( Merriman ). Merriman provides capital market advisory services to the Company for which we incurred expense of \$30,000 during the three months ended March 31, 2015. The Company primarily issues common stock in exchange for monthly services and no amount was due to Merriman at March 31, 2015.

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
**(unaudited)**

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

*Litigation*

On July 31, 2012, the Company filed suit against Groupon, Inc. in the Eastern District of Texas in Civil Action No. 6:12-cv-00486.

The Company filed additional suits against Izea, Inc. on October 17, 2012; Yelp, Inc. on October 17, 2012; and Foursquare Labs, Inc. on October 31, 2012 in Civil Action Nos. 6:12-cv-786, 6:12-cv-788, 6:12-cv-837, respectively. Each of these cases alleges that the defendants infringe U.S. Patent Nos. 7,664,516 entitled "Method and System for Peer-to-Peer Advertising Between Mobile Communication Devices" and 8,155,679 entitled "System and Method for Peer-to-Peer Advertising Between Mobile Communication Devices." The Company subsequently added U.S. Patent Nos. 8,438,055, 8,452,646, and 8,457,670 to the cases, alleging each defendant infringed the newly added patents. Each of the defendants have answered, denying infringement and claiming that the asserted patents are invalid. Groupon, Yelp, and Foursquare filed counterclaims for declaratory judgment that the asserted patents are invalid and not infringed. Yelp filed an additional counterclaim for declaratory judgment that the asserted patents are unenforceable. The Court subsequently consolidated the actions for at least pre-trial purposes. Groupon filed a motion to transfer the case against it to the U.S. District Court for the Northern District of California, which the Court denied on September 27, 2013.

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On April 2, 2015, the District Court lifted the stay and required the Parties to file a joint docket control order. On April 5, 2015, the Court set a Markman Hearing for June 29, 2015, and jury selection for December 14, 2015. On April 15, 2015, the Parties filed their joint docket control order. The Court entered its docket control order on April 23, 2015.

As part of the Company's settlement with Living Social, the Company's attorney is entitled to additional compensation for the value of certain non-monetary arrangements. As of March 31, 2015, the payment of such compensation is not probable or measurable.

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and we accrue for adverse outcomes as they become probable and estimable.

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**BLUE CALYPSO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
**(unaudited)**

**NOTE 7 SUBSEQUENT EVENTS**

On April 1, 2015, the Board of Directors approved a proposed amendment to the Certificate of Incorporation of the Company to effect a reverse stock split of the Company's common stock in the range of 10:1 to 50:1, such ratio to be determined in the discretion of the Board. The proposed amendment will be submitted to the stockholders of the Company for approval and cannot be implemented until it has been approved by requisite number of the Company's stockholders.

On April 6, 2015, the Company entered into a letter of engagement with a third party firm pursuant to which the firm will act as the sole book runner and lead managing underwriter in connection with a potential registered follow-on offering of common stock or a combination of common stock and warrants.

On April 10, 2015, the Company granted options to purchase 1,000,000 shares of common stock to each of the four board members for a total of 4,000,000 options. These options vest over a 3 year period, have a term of 10 years, and contain an exercise price equal to the market price on the grant date.

On May 6, 2015, the Company granted options totaling 800,000 shares of common stock among three different employees. In general, these options vest over a 3 year period, have a term of 10 years, and contain an exercise price equal to the market price on the grant date. For 500,000 of the options, one third vest immediately with the balance vesting quarterly over a term of two years.

During April and May 2015, the Company entered into advisory agreements with four individuals. Pursuant to these agreements the Company anticipates granting each individual 100,000 options for a total of 400,000 options. As of the date the financial statements were issued we have not finalized the grant of these options.



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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included or incorporated by reference in this quarterly report on Form 10-Q, including without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans and objective of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," or "believes" or the negative thereof or any variation thereon or similar terminology or expressions.

We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- our ability to raise additional capital;
- minimal operating history or revenue;
- our ability to attract and retain qualified personnel;
- market acceptance of our platform;
- our limited experience in a relatively new industry;
- regulatory and competitive developments;
- intense competition with larger companies;
- general economic conditions
- failure to adequately protect our intellectual property;
- technological obsolescence of our products and services;
- technical problems with our products and services;
- loss or retirement of key executives, and
- other factors set forth under the caption **Risk Factors** in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission.

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Except as required by law, we assume no duty to update or

revise our forward-looking statements.



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**Business Overview**

Blue Calypso develops and delivers mobile shopper marketing and analytics solutions for the business-to-consumer (B2C) marketplace leveraging mobile, social media, gamification and our intellectual property portfolio. We have developed a patented technology platform that enables brands and retailers to engage with shoppers when they are on the path-to-purchase products and services. Our technology also allows brands to leverage customer relationships to increase brand loyalty and drive revenue through sharing and influencer marketing. We generate revenue from the cloud-based consumption of our technology platform, consulting/services fees, and licensing and/or enforcement of our patented technologies. Our intellectual property portfolio consists of four US patents (one is in appeal with the Federal Circuit as a result of the PTAB ruling in December 2014) and nine pending patent applications that generally cover methods and systems for communicating advertisements and electronic offers between mobile and desktop communication devices.

All of the patents and patent applications that cover the core of our business, *i.e.*, a System and method for peer-to-peer advertising between mobile communication devices, have been developed internally by our Founder and Chief Executive Officer, Andrew Levi, and our Director of Innovation, Bradley Bauer, and assigned to our wholly owned subsidiary, Blue Calypso, LLC. In September 2013, we acquired proprietary mobile gamification technology and subsequently applied for two additional patents based upon the enhancement and integration of this technology into our platform.

Our proprietary technology platform enables retailers to harness the power and adoption that today's mobile devices bring to the consumer shopping experience. We connect brands with store visitors when they are on the path-to-purchase and enable those customers to engage with, and redeem brand content as well as leverage their brand affinity across the most popular social media channels. Our platform tracks performance, monitors engagement, manages attribution and delivers robust, real-time analytics that provide acute insight regarding the adoption, performance and return on investment of our client's promotions and location-based content. Our technology is designed to help clients target their marketing messages, attract new customers, increase awareness and drive product sales. For example, campaigns facilitated through our platform can encourage consumers to learn more about products, watch promotional videos about particular products, see product reviews and comparative pricing or click to buy products. All delivered through a highly engaging mobile kiosk or digital concierge type experience.

Over the last five years, the world has seen mobile, social media, and digital advertising evolve dramatically and actually converge. Through this technological evolution, a sociological shift has occurred in how influential digital media can be when deployed strategically with hyper-targeted content.

Today retailers are aggressively exploring mobile shopper engagement as the next frontier of the shopping experience. According to the Consumer Electronics Association, more than half of all consumers use their mobile devices at some point during a shopping experience, however retailers have yet to find a comfortable way of co-existing in this ecosystem of traditional consumer engagement.

Through mobile and social media, consumers and brands have their own unique and significant digital audience. According to Facebook, the average user has 130 friends; Twitter states the average user has 300 followers; and on average an individual has 25 unique frequent contacts they communicate with weekly via text messages or mobile calls. Active participation in LinkedIn, Google+, Tumblr and/or a personal blog can further extend one's direct social reach significantly. With our platform, brand content is not bound by any single app, social media community, website, carrier or device. As a result, brand influencers have the capability to immediately reach hundreds or even thousands of people through their direct personal and digital social relationships.

As a by-product of campaign delivery and recipient interaction, we deliver real-time analytics and business intelligence capabilities, which provide brands the ability to see how campaigns are deployed, where they are getting the most traction, and which are seeing the most activity. The platform also allows brands to assess the conversational response and sentiment to their messages which enables them to adjust their campaigns based on performance.

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**Recent Developments**

*Recent Accounting Pronouncements*

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

*Litigation*

On July 31, 2012, the Company filed suit against Groupon, Inc. in the Eastern District of Texas in Civil Action No. 6:12-cv-00486. The Company filed additional suits against Izea, Inc. on October 17, 2012; Yelp, Inc. on October 17, 2012; and Foursquare Labs, Inc. on October 31, 2012 in Civil Action Nos. 6:12-cv-786, 6:12-cv-788, 6:12-cv-837, respectively. Each of these cases alleges that the defendants infringe U.S. Patent Nos. 7,664,516 entitled "Method and System for Peer-to-Peer Advertising Between Mobile Communication Devices" and 8,155,679 entitled "System and Method for Peer-to-Peer Advertising Between Mobile Communication Devices." The Company subsequently added U.S. Patent Nos. 8,438,055, 8,452,646, and 8,457,670 to the cases, alleging each defendant infringed the newly added patents. Each of the defendants have answered, denying infringement and claiming that the asserted patents are invalid. Groupon, Yelp, and Foursquare filed counterclaims for declaratory judgment that the asserted patents are invalid and not infringed. Yelp filed an additional counterclaim for declaratory judgment that the asserted patents are unenforceable. The Court subsequently consolidated the actions for at least pre-trial purposes. Groupon filed a motion to transfer the case against it to the U.S. District Court for the Northern District of California, which the Court denied on September 27, 2013.

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The court dockets for each case, including the parties' briefs are publicly available on the Public Access to Court Electronic Records website, or PACER, [www.pacer.gov](http://www.pacer.gov), which is operated by the Administrative Office of the U.S. Courts.

Other than as noted above, the Company is not a party to any pending legal proceeding nor is its property the subject of any pending legal proceeding that is not in the ordinary course of business or otherwise material to the financial condition of its business. Further, to the knowledge of management, no director or executive officer is party to any action in which any has an interest adverse to us.

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**Critical Accounting Policies**

*Principles of Consolidation and Basis of Presentation*

The condensed consolidated financial statements are stated in U.S. dollars and include the accounts of Blue Calypso, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ).

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the recoverability and useful lives of long-lived assets, the fair value of the Company s stock, stock-based compensation, debt discounts and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

*Revenue Recognition*

Revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, all obligations have been performed pursuant to the terms of the agreement, the sales price is fixed or determinable, and collectability is reasonably assured. Revenue includes fees received from customers for advertising and marketing services. In each case Revenue is recognized when services are performed or licenses are granted to customers.

Revenue from the licensing of the Company s intellectual property and settlements reached from legal enforcement of the Company s patent rights is recognized when the arrangement with the licensee has been signed and the license has been delivered and made effective, provided license fees are fixed or determinable and collectability is reasonably assured. The fair value of licenses achieved by ordinary business negotiations is recognized as revenue.

The amount of consideration received upon any settlement or judgment is allocated to each element of the settlement based on the fair value of each element. Elements related to licensing agreements, royalty revenues, net of contingent legal fees, are recognized as revenue in the consolidated statement of operations. Elements that are not related to license agreements and royalty revenue in nature will be reflected as a separate line item within the other income section of the consolidated statements of operations. Elements provided in either settlement agreements or judgments include: the value of a license, legal release, and interest. When settlements or judgments are achieved at discounts to the fair value of a license, the Company allocates the full settlement or judgment, excluding specifically named elements as mentioned above, to the value of the license agreement or royalty revenue under the residual method. Legal release as part of a settlement agreement is recognized as a separate line item in the consolidated statements of operations when value can be allocated to the legal release. When the Company reaches a settlement with a defendant, no value is allocated to the legal release since the existence of a settlement removes legal standing to bring a claim of infringement and without a legal claim, the legal release has no economic value. The element that is applicable to interest income will be recorded as a separate line item in other income. The Company does not assume future performance obligations in its license arrangements.

The Company also has revenue from information technology consulting services. Revenue is recognized in the periods that satisfactory performance of services is delivered to customers. Revenue is recognized when persuasive evidence of an arrangement exists, delivery of the service has occurred, all obligations have been performed pursuant to the terms of the agreement, the sales price is fixed or determinable, and collectability is reasonably assured.

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*Cost of Revenue*

Cost of revenue includes technical service costs directly associated with initiating and supporting a customer social media program, technical service costs directly associated with providing IT consulting and legal fees directly related to the settlement of intellectual property claims that result in licensing and royalty revenue.

*Intangible Assets*

The Company capitalizes certain software development costs as well as purchased software upon achieving technological feasibility of the related products. Software development costs incurred and software purchased prior to achieving technological feasibility are charged to engineering and product development expense as incurred. Commencing upon initial product release, capitalized costs are amortized to cost of software licenses using the straight-line method over the estimated life of the product (which approximates the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product), which is generally up to five years.

*Impairment of Long-Lived Assets*

The Company reviews the carrying value of intangibles and other long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the asset or asset group to the undiscounted cash flows that the asset or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount of the property exceeds its fair market value. No impairment was deemed to exist as of March 31, 2015 and December 31, 2014. The Company re-evaluates the carrying amounts of its amortizable intangibles at least quarterly to identify any triggering events. As described above, if triggering events require us to undertake an impairment review, it is not possible at this time to determine whether it would be necessary to record a charge or if such charge would be material.

*Stock-Based Compensation*

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Stock-based compensation expense is recorded by the Company in the same expense classifications in the consolidated statements of operations, as if such amounts were paid in cash.



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**Results of Operations**

*Comparison of Three Months Ended March 31, 2015 and 2014*

*Results of Operations*

*Net Loss.* For the three months ended March 31, 2015, we had a net loss of \$608,845, as compared to a net loss of \$1,745,361 for the three months ended March 31, 2014. The decrease in net loss resulted primarily from a reduction in our sales and marketing of \$114,943, general and administrative costs of \$536,829 and interest expense of \$517,348.

*Revenue.* Revenue for the three months ended March 31, 2015 was \$115,725, as compared to \$164,215 in revenues for the same period in 2014. The majority of the revenue in the current and prior year was derived from our Blue Calypso Labs services. The decrease in revenue is primarily due to timing in development projects.

*Cost of Revenue.* Our cost of revenue was \$55,112 for the three months ended March 31, 2015, as compared to \$73,747 for the same period in 2014. Cost of revenue for the three months ended March 31, 2015 was primarily comprised of costs related to internal IT professional staff members assigned to the Blue Calypso Labs group.

*Sales and Marketing.* For the three months ended March 31, 2015, sales and marketing expenses decreased by \$114,943 to \$48,574 as compared to the same period in 2014. Sales and marketing expenses decreased as the Company reduced sales personnel.

*General and Administrative.* For the three months ended March 31, 2015, general and administrative expenses were \$535,547 as compared to \$1,072,376 for the three months ended March 31, 2014. This was primarily due to a reduction of \$436,195 in stock based compensation associated with certain restricted stock incentives during the three months ended March 31, 2014. As a result of the former Chief Executive Officer's resignation, the Company incurred the \$436,195 in expense during 2014 with no corresponding 2015 expense.

*Depreciation and Amortization.* Depreciation and amortization expenses relate primarily to the amortization of capitalized software development. Depreciation and amortization expenses were \$84,621 for the three months ended March 31, 2015 as compared to \$83,415 for the three months ended March 31, 2014, representing an increase of

\$1,206 which was primarily due to an increase in additional capitalized software during the period. For the three months ended March 31, 2015, we incurred \$77,231 of capitalized software development costs associated with improvements to our commercial platform. This compares to \$8,985 of capitalized software development costs for the quarter ended March 31, 2014. The Company continues to invest in the ongoing improvements to its core social media platform.

*Change in fair value of derivative liabilities.* We issued warrants and convertible debt that contain certain reset provisions in connection with financing and debt settlements. As such, we are required to record these reset provisions as a liability and mark them to market each reporting period. In 2015, these provisions had expired versus a gain for the three months ended March 31, 2014 of \$1,543. As of March 31, 2015 there no longer is a liability associated with derivative liabilities as the underlying securities have been converted to common stock and are no longer outstanding.

*Interest Expense.* Interest expense was \$716 for the three months ended March 31, 2015 as compared to \$518,064 for the three months ended March 31, 2014. Interest expense for the current period represents credit card and vendor financing. In comparison, interest for 2014 related to \$15,000 interest expense on an outstanding \$600,000 notes payable, amortization of beneficial conversion features on notes payable of \$55,948 and interest expense related to the modification of warrants to induce conversion of \$446,925.

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Cash Flows

Net cash used in operating activities during the three months ended March 31, 2015 was \$380,583 as compared to \$630,540 for the three months ended March 31, 2014. Cash used in operations for the three months ended March 31, 2015 was comprised of a net loss of \$608,845 offset primarily by certain non-cash items: 1) bad debt expense of \$18,476; 2) stock based compensation expenses of \$116,033; 3) depreciation and amortization of \$84,621 and 4) net change in operating assets and liabilities of \$9,132.

Net cash used in investing activities during the three months ended March 31, 2015 was \$82,375, as compared to \$8,985 for the three months ended March 31, 2014. This increase was primarily attributable to additional expenditures on the development of our software.

During the three months ended March 31, 2015, we did not have any cash provided by financing activities as compared to \$1,024,558 for the same period in 2014. During the three months ended March 31, 2014, the Company received \$1,024,558 in proceeds from the exercise of warrants.

*Off Balance Sheet Arrangements*

None

*Liquidity and Capital Resources*

As of March 31, 2015, the Company had cash of \$640,243 and working capital of \$568,161. During the three months ended March 31, 2015, the Company used net cash in operating activities of \$380,583. The Company has incurred net losses since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company believes that its current cash on hand will be sufficient to fund its projected operating requirements through June of 2015.

The Company's primary source of operating funds since inception has been cash proceeds from the sale of equity and debt securities and the exercise of warrants. The Company intends to raise additional capital through private placement of equity and/or debt securities, but there can be no assurance that these funds will be available on terms acceptable to the Company, or will be sufficient to enable the Company to execute on its business plan or sustain operations. If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce overhead, or scale back its current business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

**ITEM 4. CONTROLS AND PROCEDURES.**

*(a) Evaluation of disclosure controls and procedures.*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2015, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

*(b) Changes in internal control over financial reporting.*

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

On July 31, 2012, the Company filed suit against Groupon, Inc. in the Eastern District of Texas in Civil Action No. 6:12-cv-00486. The Company filed additional suits against Izea, Inc. on October 17, 2012; Yelp, Inc. on October 17, 2012; and Foursquare Labs, Inc. on October 31, 2012 in Civil Action Nos. 6:12-cv-786, 6:12-cv-788, 6:12-cv-837, respectively. Each of these cases alleges that the defendants infringe U.S. Patent Nos. 7,664,516 entitled "Method and System for Peer-to-Peer Advertising Between Mobile Communication Devices" and 8,155,679 entitled "System and Method for Peer-to-Peer Advertising Between Mobile Communication Devices." The Company subsequently added U.S. Patent Nos. 8,438,055, 8,452,646, and 8,457,670 to the cases, alleging each defendant infringed the newly added patents. Each of the defendants have answered, denying infringement and claiming that the asserted patents are invalid. Groupon, Yelp, and Foursquare filed counterclaims for declaratory judgment that the asserted patents are invalid and not infringed. Yelp filed an additional counterclaim for declaratory judgment that the asserted patents are unenforceable. The Court subsequently consolidated the actions for at least pre-trial purposes. Groupon filed a motion to transfer the case against it to the U.S. District Court for the Northern District of California, which the Court denied on September 27, 2013.

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**ITEM 1A.RISK FACTORS**

Not required

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

None

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None



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**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.**

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation S-K.

Exhibit

Number Description

- |     |  |
|-----|--|
| 2.1 | Agreement and Plan of Merger and Reorganization, dated as of September 1, 2011, by and among Blue Calypso, Inc., Blue Calypso Acquisition Corp., and Blue Calypso Holdings, Inc. (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011) |
| 2.2 | Agreement and Plan of Merger, dated September 9, 2011, by and between Blue Calypso, Inc., a Nevada corporation, and Blue Calypso, Inc., a Delaware corporation (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 15, 2011)                 |
| 3.1 | Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2011)  |
| 3.2 | Certificate of Designation of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2011)  |

- 3.3 Bylaws of Blue Calypso, Inc., a Delaware corporation, adopted September 9, 2011 (incorporated by reference to Exhibit 3.3 to Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2011)
  
- 10.1 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
  
- 10.2 Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
  
- 10.3 Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
  
- 10.4 Form Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
  
- 10.5 Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations, dated as of September 1, 2011 (incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)

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- 10.6 Stock Purchase Agreement, by and between Blue Calypso, Inc. and Deborah Flores, dated as of September 1, 2011 (incorporated by reference to Exhibit 10.6 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
- 10.7 Securities Purchase Agreement, dated as of September 1, 2011, by and among Blue Calypso, Inc. and certain purchasers set forth therein (incorporated by reference to Exhibit 10.7 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
- 10.8 Registration Rights Agreement, dated as of September 1, 2011, by and among Blue Calypso, Inc. and certain purchasers set forth therein (incorporated by reference to Exhibit 10.9 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
- 10.9 Form of Warrant (incorporated by reference to Exhibit 10.10 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2011)
- 10.10 Letter Agreement, dated January 16, 2012, by and between Blue Calypso, Inc. and Aztec Systems, Inc. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 20, 2012)
- 10.11 Promissory Note, dated January 17, 2012, issued by Blue Calypso, Inc. to Aztec Systems, Inc. (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 20, 2012)
- 10.12 Securities Purchase Agreement, dated April 19, 2012, by and between Blue Calypso, Inc. and the Buyer thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)
- 10.13 Senior Secured Convertible Note issued April 19, 2012 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)
- 10.14 Common Stock Purchase Warrant issued April 19, 2012 (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)
- 10.15

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Security Agreement, dated April 19, 2012, by and between the Company, Blue Calypso, LLC and the Buyer (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)

- 10.16 Intellectual Property Security Agreement, dated April 19, 2012, by and between the Company, Blue Calypso, LLC, and the Buyer (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)
- 10.17 Subsidiary Guarantee, dated April 19, 2012, by Blue Calypso, LLC, in favor of the Buyer (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)
- 10.18 Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)
- 10.19 Amendment No. 1 to Common Stock Purchase Warrant (incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)

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- 10.20 Stockholder s Agreement, dated April 19, 2012, by and between Andrew Levi and the Company (incorporated by reference to Exhibit 10.9 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 24, 2012)
- 10.21 Letter Agreement dated June 1, 2012, between Blue Calypso, Inc. and Bill Ogle effective as of June 1, 2012 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 4, 2012)
- 10.22 Form of Subscription Agreement - June 2012 Private Placement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 30, 2012)
- 10.23 Form of Warrant - June 2012 Private Placement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 30, 2012)
- 10.24 Exchange Agreement dated November 9, 2012 between Blue Calypso, Inc. and Aztec Systems, Inc. (incorporated by reference to Exhibit 10.24 to our Quarterly Report on Form 10-Q for the period ended September 30, 2012 filed with the Securities and Exchange Commission on November 19, 2012)
- 10.25 8% Convertible Note dated November 9, 2012 (incorporated by reference to Exhibit 10.24 to our Quarterly Report on Form 10-Q for the period ended September 30, 2012 filed with the Securities and Exchange Commission on November 19, 2012)
- 10.25 Amendment No. 1 to 8% Senior Secured Convertible Debentures between Blue Calypso, Inc. and the Holder dated April 29, 2013 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2013)
- 10.26 Amendment No. 2 to Common Stock Purchase Warrants between the Company and the Holder dated April 29, 2013 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2013)
- 10.27 Amendment No. 2 to Common Stock Purchase Warrants between the Company and the Holder dated April 29, 2013 (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2013)
- 10.28 Securities Purchase Agreement dated May 6, 2013 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2013)

- 10.29 10% Convertible Debenture dated May 6, 2013 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2013)
- 10.30 10% Convertible Debenture dated May 6, 2013 (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2013).
- 10.31 Amendment No. 1 to 10% Convertible Debenture between Blue Calypso, Inc. and the Holder dated September 13, 2013 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on September 16, 2013).

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- 10.32 Amendment No. 3 to Common Stock Purchase Warrants between the Company and the Holder dated September 13, 2013 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on September 16, 2013).
- 10.33 Amendment No. 2 to Common Stock Purchase Warrant between the Company and the Holder dated September 13, 2013 (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on September 16, 2013).
- 10.34 Securities Purchase Agreement dated October 7, 2013 (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on October 11, 2013).
- 10.35 Amendment No. 4 to Common Stock Purchase Warrants between the Company and the Holder dated January 9, 2014 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 10, 2014).
- 10.36 Amendment No. 3 to Common Stock Purchase Warrant between the Company and the Holder dated January 9, 2014 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 10, 2014).
- 10.37 Settlement and Standstill Agreement dated September 26, 2014 by and between Blue Calypso, Inc., Ronald L. Chez, and Individual Retirement Accounts for the benefit of Ronald L. Chez (incorporated by reference to Exhibit 10.1 on Form 8-K filed with the Securities and Exchange Commission on October 2, 2014)
- 21.1 List of subsidiaries (incorporated by reference to Exhibit 21.1 to our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission on April 16, 2012)
- 31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

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101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document



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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLUE CALYPSO, INC.

Date: May 14,  
2015

By: */s/ Andrew Levi*  
Name: Andrew Levi  
Chief Executive  
Title: Officer