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Snap Interactive, Inc

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

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 2015

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

Commission File No. 000-52176

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

Delaware	**20-3191847**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
320 W 37th Street, 13th Floor New York, NY	**10018**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 594-5050**

Securities registered pursuant to Section 12(b) of the Exchange Act: **None**

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common stock, par value $0.001 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	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 ☑

The aggregate market value of the registrant's common stock, par value $0.001 per share, held by non-affiliates of the registrant, based on the closing price of the common stock as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $3,358,830.

As of March 7, 2016, the registrant had 39,692,826 shares of common stock outstanding, excluding 10,325,000 unvested shares of restricted stock.

DOCUMENTS INCORPORATED BY REFERENCE:

The information required by Part III of this Annual Report on Form 10-K, to the extent not set forth herein, is incorporated by reference to the registrant's Definitive Proxy Statement on Schedule 14A relating to the 2016 Annual Meeting of Stockholders which will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates.

SNAP INTERACTIVE, INC.
ANNUAL REPORT ON FORM 10-K

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Our Corporate Information

Snap Interactive, Inc. was incorporated under the laws of the State of Delaware on July 19, 2005. Our principal executive office is located at 320 W 37th Street, 13th Floor, New York, New York 10018.

Unless the context otherwise indicates, all references in this Annual Report on Form 10-K to "Snap," "we," "our," "us," and the "Company" refer to Snap Interactive, Inc. and its subsidiary on a consolidated basis.

FirstMet, AYI, the AYI logo, Snap, the Snap logo and other trademarks or service marks appearing in this report are the property of Snap Interactive, Inc. Trade names, trademarks and service marks of other companies appearing in this report are the property of their respective owners.

In March 2016, we completed a rebranding of our dating application "Are You Interested?" ("AYI") under the name FirstMet. Unless the context indicates otherwise, references in this report to FirstMet are to the application after the rebranding and references to AYI are to the application prior to the rebranding.

A reference to a swipe is a gesture that a user of The Grade makes when browsing a profile, swiping to the right to signify interest, or to the left to proceed to the next profile. Unless otherwise indicated, metrics for users are based on information that is reported by Facebook and internally-derived metrics for users across all platforms through which our application is accessed. References in this report to users mean those persons who have created a user name and password, and active subscribers means users that have prepaid a subscription fee for current unrestricted communication on the FirstMet application and whose subscription period has not yet expired. The metrics for active subscribers are based on internally-derived metrics across all platforms through which our application is accessed.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K constitute "forward-looking statements" as defined in 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"), that are based on current expectations, estimates, forecasts and assumptions and are subject to risks and uncertainties. Words such as "anticipate," "assume," "began," "believe," "budget," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "target," "would" and variations of such words and similar expressions are intended to identify such forward-looking statements. All forward-looking statements speak only as of the date on which they are made. Such forward-looking statements are subject to certain risks, uncertainties and assumptions relating to factors that could cause actual results to differ materially from those anticipated in such statements, including, without limitation, the following:

- our ability to generate and sustain increased revenue levels and achieve profitability in the future;
- our ability to meet our current and future debt service obligations;
- our ability to maintain good relationships with Apple Inc., Facebook, Inc. and Google Inc., our heavy reliance on their platforms and their ability to discontinue, limit or restrict access to their platforms by us or our applications, change their terms and conditions or other policies or features (including restricting methods of collecting payments, sending notifications or placing advertisements), establish more favorable relationships with one or more of our competitors or develop applications or features that compete with our applications;
- our ability to obtain additional capital or financing to execute our business plan and limitations in the agreements governing our indebtedness related to the incurrence of additional indebtedness;
- our ability to maintain compliance with the covenants in the agreements governing our indebtedness, including maintaining minimum cash balances;
- our reliance on our executive officers;
- the intense competition in the online dating industry;
- our ability to release new applications or improve upon existing applications and derive revenue therefrom;
- our ability to offset fees associated with the distribution platforms that host our applications;
- our reliance on a small percentage of our total users for substantially all of our revenue;
- our ability to develop, establish and maintain strong brands;
- our ability to update our applications to respond to the trends and preferences of online dating consumers;
- our ability to adapt or modify our applications for the international market and derive revenue therefrom;
- our ability to develop and market new technologies to respond to rapid technological changes;
- our ability to effectively manage our headcount, including attracting and retaining qualified employees;
- our ability to generate subscribers through advertising and marketing agreements with third party advertising and marketing providers;
- our reliance on third party email service providers for delivery of email campaigns to convert users to subscribers and to retain subscribers;
- our ability to manage our affiliate marketers' compliance with internal brand standards or state and federal marketing laws and regulations;
- our reliance in internal systems to maintain and control marketing expenditures and corresponding return on investments;
- the effects of interruptions, maintenance or failures of our data center, programming code, servers or technological infrastructure;
- the effect of security breaches, computer viruses and computer hacking attacks;
- our ability to comply with laws and regulations regarding privacy and protection of user data;
- our reliance upon credit card processors and related merchant account approvals;
- governmental regulation or taxation of the online dating or the Internet industries;
- the impact of any claim that we have infringed on intellectual property rights of others;
- our ability to protect our intellectual property rights;
- the risk that we might be deemed a "dating service" or an "Internet dating service" under various state regulations;
- the possibility that our users or third parties may be physically or emotionally harmed following interaction with other users; and
- our ability to manage or mitigate adverse changes in foreign currency exchange rates relating to international bookings.

For a more detailed discussion of these and other factors that may affect our business, see the discussion in "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report. We caution that the foregoing list of factors is not exclusive, and new factors may emerge, or changes to the foregoing factors may occur, that could impact our business. We do not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this report, except to the extent required by applicable securities laws.

PART I

ITEM 1. BUSINESS

Overview

The Company operates a portfolio of two dating applications, FirstMet, available through desktop and mobile platforms, and The Grade, which is available through iOS and Android™ platforms. We also intend to expand our portfolio through the development of new applications, including a new application based on our existing product platform that we expect will launch in the third quarter of 2016. In March 2016, we completed a rebranding of our dating application "Are You Interested?" ("AYI") under the name FirstMet. FirstMet offers distinctive features and superior user experience of AYI under a refreshed brand identity.

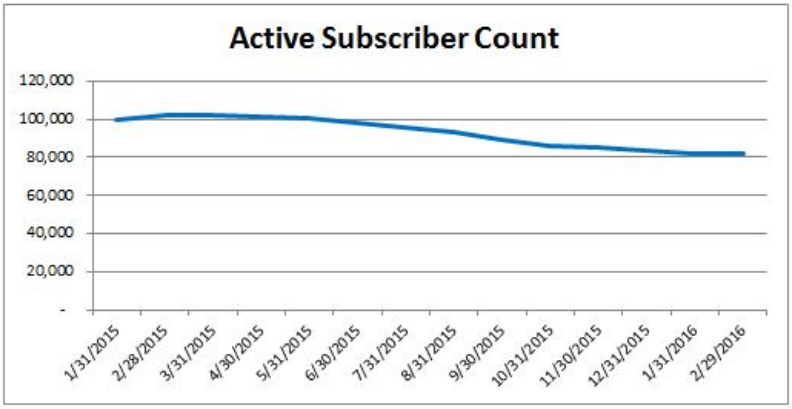
Our dating applications and the revenues generated therefrom are supported by a large user database of approximately 30 million users. Our management believes that the scale of our user database presents a competitive advantage in the dating industry and can present growth opportunities to build future dating application brands or to commercialize by presenting third party advertising.

FirstMet

We provide a leading online dating application under the FirstMet brand that is native on Facebook, iOS and Android platforms and is also accessible on mobile devices and desktops at FirstMet.com. Our FirstMet application is available to users and active subscribers. FirstMet is extremely scalable and requires limited incremental operational cost to add users, active subscribers or new features catering to additional discrete audiences. FirstMet was the #16 grossing application in the U.S. Lifestyle Category on Apple® App Store℠ in the United States as of March 7, 2016.

In March 2016, we completed a rebranding of AYI under the name FirstMet. As a result of devoting our efforts to the rebranding, we decreased our marketing investment in AYI throughout the latter half of 2015 to reserve cash for the planned rebranding to FirstMet, as well as for other growth initiatives.

We believe that the number of active subscribers is directly correlated to our spending on sales and marketing. For the year ended December 31, 2015, our spending on sales and marketing was 5.7% lower than the year ended December 31, 2014, which we believe resulted in a decrease in the number of active subscribers during 2015, as seen in the chart below:



As of March 7, 2016, FirstMet had approximately 82,600 active subscribers, which constituted a 18.0% decrease in active subscribers since December 31, 2014. New subscription transactions for FirstMet for the year ended December 31, 2015 decreased 20% as compared to the same period in 2014. Although the number of active subscribers and new subscription transactions decreased in 2015 compared to 2014, in December 2015, as part of a plan to support the rebranding of AYI to FirstMet, we diverted a portion of our sales and marketing budget from The Grade to FirstMet. As a result, we achieved a 6.3% increase in bookings in December 2015 compared to the prior month and a 3.4% increase in bookings in January 2016 compared to the prior month. We expect that, for the foreseeable future, we will continue to allocate the significant majority of our resources and spending to FirstMet in an effort to increase our operating cash flow by focusing on our revenue-generating application.

The Grade

We also provide an online dating application under The Grade brand that is native on iOS and Android ™. The Grade is a mobile application that we launched in November 2014 to pursue our strategy of providing a portfolio of dating and social applications. The Grade is a mobile dating application that holds users accountable to a high standard of behavior by using a proprietary algorithm that assigns letter grades to users ranging from "A+" to "F" based on profile quality, messaging quality and reviews from other users of the application. Users with a grade of "D" receive a warning and instructions on how to improve their grade, while users who fail to improve an "F" grade are at risk of expulsion. By providing user grades and expelling low-quality users who receive an "F" grade, The Grade aims to create a community of high-quality users who are desirable, articulate and responsive.

The Grade is presently building an audience focusing on the New York metropolitan area as its core market for user adoption. During this introductory growth phase, the application is offered free to users and, apart from testing monetization approaches, there are no immediate plans to monetize The Grade. Our growth strategy for The Grade has been to rely principally on word-of-mouth advertising and public relations campaigns, which has resulted in The Grade appearing in a number of print, television and online media sources during 2015, including a mention on the front page of the Wall Street Journal in October 2015. In addition, as part of our marketing initiatives for The Grade, we appointed Lauren Urasek, author of the book "Popular: The Ups and Downs of Online Dating from the Most Popular Girl in New York City," as a brand ambassador to The Grade in October 2015, which we believe has helped raise The Grade's profile and drive user growth. Since its launch through December 31, 2015, The Grade has achieved cumulative user activity of more than 43.3 million swipes.

In December 2015, we began realigning our focus from The Grade to FirstMet. We expect that, for the foreseeable future, we will continue to allocate the significant majority of our resources and spending to FirstMet in an effort to increase our operating cash flow by focusing on our revenue-generating application. As we sustain this lower level of spending on sales and marketing for The Grade, we expect that we may experience a decrease in the number of The Grade's users and the growth in the cumulative number of swipes may slow over time.

Sources of Competitive Strength

We believe the success of our online dating applications is the direct result of the superior user experience the applications provide. While many online dating applications and websites provide similar functionality, most competitive services require meaningful effort and initiative on the part of the user to make contact with other users. Our applications are designed to eliminate effort and friction in user-to-user interaction by automating certain aspects of the introductory dialog between users. As a consequence, we believe our users find our experience more social and enjoyable than many competitive interactive dating services.

Our data-driven business practices also differentiate us from our competitors and provide us with a competitive advantage. The user engagement of our applications and the propensity of users to subscribe is continually enhanced through constant experimentation. Our sophisticated A/B testing framework, a framework for comparing two versions of the same application, can support millions of different versions of our applications in parallel in order to test new features and functionality, design changes and changes to our algorithms. We have also developed business processes and human resources dedicated to business intelligence to analyze and interpret A/B test data, with the result that every change we make to our applications produces verifiable benefits, and the user experience and economics of our applications continually improve.

Financial Overview

We generate revenues from subscriptions as well as advertising agreements with third parties. For the years ended December 31, 2015 and 2014, our revenues were $12.0 million and $13.6 million, respectively. We had net losses of $1.3 million and $1.7 million for the years ended December 31, 2015 and 2014, respectively. As of March 7, 2016, we had 24 employees, all of whom were located in our New York City headquarters.

Our Applications

FirstMet

FirstMet attracts a demographically and geographically diverse user base, with users in over 180 different countries. FirstMet is intuitive, and allows users and subscribers to easily find, connect and communicate with each other. Key features and tools of our FirstMet application include:

Profile Creation

Users can join FirstMet by creating a personal profile that is connected to their email address or by using "Facebook Connect" to create a profile. A FirstMet user with a Facebook profile can easily import information from his or her profile, including photos and interest data. FirstMet profiles are also updated in real time as users add interests on Facebook. Once a profile has been created, FirstMet users are able to browse for potential matches, including other singles with similar interests. Using this information, FirstMet has designed features around similar interests that improve the online dating experience and, compared to traditional online dating websites, more closely mirrors the way singles traditionally meet offline. We continually update FirstMet's feature set with new features to increase user engagement, make users more social and to increase the number of users that are converted to active subscribers.

Browse Function

FirstMet's game-like "browse" function presents profiles of other users that match user criteria and prompts them to indicate if they are "interested" by either clicking on a "yes" or "skip" button above the profile picture or by sending a message when viewing that user's profile. Users are notified when another user has clicked "yes" on their profile or if they have received a message from another user. In instances where users select "yes" on another user's profile, the application automatically introduces the two users, who are likely to have similar interests.

Subscription Benefits

FirstMet operates on a "freemium" model, whereby certain application features are free to all users and other features are only available to paid subscribers. All users are allowed to create a profile, browse, search and view other user's profiles, send instant messages and send an initial message to any user. Unlimited messaging and other premium features require a paid subscription.

Accessibility

Our easy-to-use mobile interface allows our users to engage with our online dating application from virtually anywhere at any time. The availability of our online dating application across mobile devices, tablets and personal computers enables our users to move seamlessly between devices, increasing the opportunities for user engagement and real-time interactions.

The Grade

We designed The Grade as a free mobile application that caters to individuals who are dissatisfied with the quality of user interactions on mobile online dating applications. By providing user grades and expelling users who receive a failing "F" grade, the application holds users accountable for their behavior and aims to create a community of desirable, responsive and articulate users. As of March 7, 2016, we had more than 52.9 million swipes by users of The Grade. Some of the key features and tools of The Grade include:

Profile Creation

Users can join The Grade by using "Facebook Connect" to easily create a profile. With the user's permission, The Grade will obtain certain information from a user's Facebook profile, including photos and location data. The Grade then displays other users as potential matches based on location, gender and age preferences.

Browse Function

Once a user creates a profile, The Grade automatically presents the user with potential matches by displaying a profile picture of the potential match along with the user's overall grade. The browse function allows users to indicate whether they "like" a profile by selecting a checkmark or selecting an "X" if they are not interested in the potential match. By scrolling up or down on the profile picture, users can view additional pictures as well as other profile information, including similar interests, common friends, education, religion, ethnicity, "about me" and grades in the three categories - profile quality, messaging and peer reviews. Users are automatically notified when a "match" exists, meaning both users "like" one another's profile. Once users have been matched, they are allowed to send messages to each other.

Grading System

A user's overall grade is based on an algorithm that incorporates the grades based on profile quality, messaging and peer-reviews generated from the opinions received from other users. The profile quality grade is based on several factors, including the quantity and quality of a user's photos, how many optional profile fields are filled out, how often a user's profile gets "liked" and the length and quality of a user's "about me" section. The messaging grade uses an algorithm to analyze how often a user responds to messages and how often the user obtains a response back, as well as analyzes messages for grammatical mistakes, spelling errors, use of slang and length, and whether a user's messages contain inappropriate content. These three categories are combined to create a user's overall grade, which is visible to other users of the application.

Application Development

Our application development processes are designed to enable us to rapidly and cost effectively develop our online dating applications to meet the expectations and preferences of users and the requirements of the third party platforms through which we offer our applications. These processes include a sophisticated A/B testing framework that allows us to run a significant number of statistically relevant tests on our applications at any given time. We can test new features, new functionality, design changes and changes to our proprietary algorithms and compare the results to control groups to see if they would be likely to improve the conversion of users into subscribers. We have also integrated Splunk Enterprise technology, a data analysis and management tool, into our data analytics and application development processes to provide a real-time granular analysis of user behavior and the ability to "lock-in" features that outperform their relevant control groups.

A significant amount of our logins occur through third party platforms. We believe we provide value to these third party platforms by: (i) creating and maintaining user engagement on, and integrating with, the platforms; (ii) driving traffic to the platforms to generate advertising revenue for such platforms, including through the placement of advertisements on our online dating applications, and (iii) directly purchasing advertising from these platforms.

In March 2016, we completed a rebranding of AYI under the name FirstMet. We are coupling an aggressive win-back strategy with the launch of FirstMet in order to reactivate dormant AYI users. In addition, we are currently developing a new application based on FirstMet's platform that is expected to launch in the third quarter of 2016. The new application is planned to have similar functionality to FirstMet but will address a different target audience and will be based on a new brand identity. We expect that we will operate the new application in parallel with FirstMet in order to leverage FirstMet's user base and cross-sell our users with multiple brands. We believe that FirstMet's highly scalable infrastructure provides us with a significant competitive advantage, and in the future we expect that we may continue to develop new applications based on FirstMet's platform that address new audiences. FirstMet is available on mobile and desktop platforms and our new application is planned to be available on mobile and desktop platforms at launch.

A significant portion of our users continue to access our applications through mobile applications and our application development and support is substantially focused on mobile platforms. We plan to continue development on iPhone, Android and other mobile devices, and on January 13, 2016, we launched The Grade on Apple Watch through iOS.

With our vast amount of data that we have accumulated over several years across multiple platforms, we believe that leveraging this user base and the data therefrom allows us to create an exceptional experience for users looking to meet people with mutual friends or similar interests.

Our Strengths

Since our inception, we have developed and are leveraging the following key strengths of our business model:

- "*Freemium*" *Online Dating Model*. We operate FirstMet on a "freemium" model in which certain application features are free to all users and other features are only available to subscribers. We believe this "freemium" model, when combined with our development of FirstMet as an online dating application, differentiates us from other applications in the online dating industry.

- *Engaging Functionality on a Highly Scalable Platform*. We have designed our applications with game-like "browse" functions and other features that prompt interactions between users, which make our applications highly engaging and easy to use. While many online dating applications and websites provide similar functionality, most competitive services require meaningful effort and initiative on the part of the user to make contact with other users. Our applications are designed to eliminate effort and friction in user-to-user interaction by automating certain aspects of the introductory dialogue between users. We have developed many different and popular online dating features for our applications, including the ability to search for potential matches with similar interests on FirstMet and the ability to view a user's grade on The Grade. Our applications are also extremely scalable and require limited incremental cost to add additional users, create new features catering to additional discrete audiences or to build new applications based on developed feature-sets with new brand identities.

- *Marketing Effectiveness and Data Analytics*. We believe that our data analytics and application development processes provide us with a competitive advantage over other online dating websites and applications. Our data analytics provides us with critical visibility into the effectiveness of our sales and marketing expense and allow us to quickly modify such expenditures to create more effective user acquisition campaigns. Our application development processes also include a sophisticated A/B testing framework that allows us to test new features, new functionality, design changes, changes to our proprietary algorithms and compare our results to control groups. These processes provide a real-time granular analysis of user behavior and allow us to modify our applications to increase user engagement and the number of users that convert into paying subscribers.

- *Increased Mobile Penetration.* Our easy-to-use mobile dating applications have been designed to acquire users on every platform and allow users to interact with other users from virtually anywhere and at any time. Our applications have been designed to work on small screens and other mobile devices, and allow users to create a profile, interact with other users and pay for subscriptions using their mobile devices. The Grade is only available as a mobile application and our mobile FirstMet application is increasingly being adopted by our users over the desktop application. For example, in December 2015, approximately 55.1% of logins to FirstMet were made through a mobile device as compared to 43.9% of logins to FirstMet in December 2014.

Our Strategy

Our strategy includes the following key components:

- Increase Our Subscriber Base Through Cost-Effective Advertising. Although we continue to invest in user acquisition campaigns to promote FirstMet and The Grade and increase the number of users and paid subscribers, we decreased our sales and marketing expense in AYI throughout the latter half of 2015 to reserve cash for the rebranding to FirstMet and other growth initiatives. We frequently analyze our sales and marketing expense in an effort to ensure that we optimize our return on investments in these areas.

- *Increase Our Mobile Presence*. We plan to increase the presence of the FirstMet and The Grade applications in the mobile market through improving the mobile user experience, increasing our prominence on the Apple iTunes store and Google Play store and transitioning desktop users to become mobile users. Consistent with this objective, we recently relaunched FirstMet on iOS and Android. In addition, we have created a seamless cross-platform experience that allows new and existing FirstMet users to login to any platform to access their messages, communicate cross-platform with other users and subscribe to access the entire feature set. In January 2016, we launched our application The Grade for Apple Watch. We are also continuing to prioritize initiatives that will improve the rate at which we convert our mobile users into paid subscribers.

- *Introduce New Applications*. We plan to develop a portfolio of applications around the core FirstMet application by investing substantial resources to develop and launch new mobile and desktop applications or by developing separate versions of our existing product platform for specific target demographics or geographies. We began to implement this portfolio approach through the launch of The Grade in November 2014, and, as described above, we plan to launch a new application in the third quarter of 2016.

- *Increase Our International Presence*. We have begun to prioritize efforts to increase the international presence of the FirstMet application, including by developing localized and translated versions of the FirstMet application for certain international countries. We expect that by localizing and translating the FirstMet application to various international countries, we will increase the number of our users and paid subscribers and will realize higher user conversion and retention rates.

Marketing Strategy

Our current marketing activities aim to raise awareness of the FirstMet and The Grade brands and attract users by promoting the unique content and quality of our applications. We primarily advertise through Internet and mobile advertising and run hundreds of user acquisition campaigns at any given time, targeting various classifications of users.

We acquire a significant number of our users through paid marketing channels. We plan our sales and marketing activities based on our expected return on investment (which we measure based on the profit margin of proceeds from sales and marketing expenditures, divided by sales and marketing expense) and believe that we lead or equal our public company competitors based on our overall revenue yield from sales and marketing expense. Our sales and marketing efficiency continues to be enhanced by constant experimentation and optimizations to increase user engagement and the number of users that are converted to paid subscribers.

Throughout the latter half of 2015, we decreased our marketing investment in AYI to reserve cash for the rebranding to FirstMet in the first quarter of 2016, as well as for other growth initiatives.

As part of the marketing initiatives for The Grade, we appointed Lauren Urasek, author of the book “Popular: The Ups and Downs of Online Dating from the Most Popular Girl in New York City,” as a brand ambassador to The Grade in October 2015, which we believe has helped raise The Grade’s profile and drive user growth. We also market The Grade by, among other things, providing online dating information to the media. During 2015, The Grade was referenced in The Wall Street Journal, Good Morning America, New York Post, USA Today, Fortune, BuzzFeed, ABC News, TIME and People.

In December 2015, as part of a plan to realign our focus from The Grade to FirstMet, we diverted a portion of our sales and marketing budget from The Grade to FirstMet. As a result, we achieved a 6.3% increase in bookings in December 2015 compared to the prior month and a 3.4% increase in bookings in January 2016 compared to the prior month. As we sustain this lower level of sales and marketing for The Grade, we expect that we may experience a decrease in the number of The Grade’s users and the growth in the cumulative number of swipes may slow over time.

Payment Options

Our users have a variety of methods by which to purchase subscriptions to FirstMet. Users can pay by credit card, electronic check, PayPal, Fortumo or as an in-App purchase through Apple Inc.’s App Store. Pursuant to Apple Inc.’s terms of service, Apple Inc. retains 30% of the revenue that is generated from sales on our iPhone application through in-App purchases. Regardless of which payment method is utilized, users may access FirstMet through any of the gateways we offer.

Competition

We face substantial competition from online dating websites such as Christianmingle.com, Cupid.com, eHarmony.com, POF.com, Match.com, LLC (“Match.com”) or other IAC/InterActiveCorp. (“IAC”) properties, as well as online dating applications provided by Badoo Trading Limited, IAC, MeetMe, Inc. and Zoosk, Inc. (“Zoosk”). We also face substantial competition from mobile-based applications including Tinder, Happn, Hinge and Bumble. We believe that users often utilize multiple dating websites or applications, and the use of one dating website or application is not necessarily to the exclusion of others. In addition, there are relatively few significant barriers to entry in our industry and, as a result, any organization that has adequate financial resources and technical expertise may become a competitor.

Achieving a critical mass of users is crucial for online dating websites and applications. As a result of our user base, we believe we are well-positioned to continue as a leader in online dating. We believe that our user base also allows us to compete favorably in the marketplace with our current and future applications. Additionally, we seek to offer applications and services that are differentiated in the industry, superior in quality, and more appealing than those of our competitors. Additionally, we believe that we have the tools and expertise to attract new users through Facebook and other sources at a lower cost per subscriber than certain of our traditional online dating competitors. We also believe that the industry offers substantial room for growth as social networking application platforms and mobile platforms continue to expand as the Internet becomes more of a mainstream method for finding a relationship.

Patent and Trademarks

To establish and protect our proprietary rights, we rely on a combination of trademarks, copyrights, trade secrets, license agreements, patent applications, confidentiality agreements and other contractual rights. We are also pursuing patents related to certain feature sets on the FirstMet application currently under development. We have two registered trademarks in the United States for "Snap Interactive"; three registered trademarks for "Are You Interested?" and variations thereof in the United States, including several pending applications and registrations in other countries; a registered trademark for a question-mark-heart logo in the United States and pending applications for "ayi" and "FirstMet" in the United States.

Governmental Regulations

We are subject to a number of U.S. federal and state laws and regulations that affect companies conducting business on the Internet, many of which are still evolving and being litigated in the courts and could be interpreted in ways that could harm our business. These laws and regulations may involve user privacy, data protection, content, intellectual property, distribution, electronic contracts and other communications, competition, protection of minors, consumer protection, taxation and online payment services. In particular, we are subject to federal and state laws regarding privacy and protection of user data, which are constantly evolving and can be subject to significant change. We are also subject to diverse and evolving laws and regulations in other countries in which we operate. The application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly-evolving industry in which we operate. Because our online dating applications are accessible worldwide and used by residents of some foreign countries, foreign jurisdictions may claim that we must comply with foreign laws, even in jurisdictions in which we have no local business entity, employees or infrastructure.

We are also subject to federal laws and regulations regarding content, privacy and the protection of user data, including The Communications Decency Act of 1996, as amended ("The Communications Decency Act"), The Children's Online Privacy Protection Act of 1998, as amended, The Digital Millennium Copyright Act, The Electronic Communications Privacy Act of 1986, as amended, the USA PATRIOT Act of 2001, and the Controlling the Assault of Non-Solicited Pornography And Marketing ("CAN-SPAM") Act of 2003, among others. The Digital Millennium Copyright Act limits our liability as an online service provider for linking to or hosting third-party content that infringes copyrights. The Communications Decency Act provides statutory protections to online service providers like us who distribute third-party content. The Children's Online Privacy Protection Act restricts the ability of online service providers to collect personal information from children under 13. Congress, the Federal Trade Commission ("FTC") and many states have promulgated laws and regulations regarding email advertising, including the CAN-SPAM Act. Any changes in these laws or judicial interpretations narrowing the protections of these laws may subject us to increased risk, increased costs of compliance, and limits on the operation of certain parts of our business.

Growing public concern about privacy and the use of personal information may subject us to increased regulatory scrutiny. The FTC has, over the last few years, begun investigating companies that have used personally identifiable information in a deceptive or unfair manner or in violation of a posted privacy policy. If we are accused of violating the terms of our privacy policy or implementing unfair privacy practices, we may be forced to expend significant financial and managerial resources to defend against an FTC enforcement action. Our user database holds the personal information of our users and subscribers residing in the United States and other countries, and we could be sued by those users if any of the information is misappropriated. Any failure by us to adequately protect our users' privacy and data could also result in loss of user confidence in our online dating applications and services and ultimately in a loss of active subscribers, which could adversely affect our business.

In addition, virtually every U.S. state has passed laws requiring notification to users when there is a security breach for personal data resulting in unauthorized disclosure, many of which are modeled on California's Information Practices Act. There are a number of legislative proposals pending before the U.S. Congress and various state legislative bodies concerning data protection that could, if adopted, have an adverse effect on our business. We are unable to determine if and when such legislation may be adopted. Many jurisdictions, including the European Union, have adopted breach notification and other data protection notification laws designed to prevent unauthorized disclosure of personally identifiable information. The introduction of new privacy and data breach laws and the interpretation of existing privacy and data breach laws in the United States, Europe and other foreign jurisdictions is constantly evolving. There is a risk that new laws may be introduced or existing laws may be applied in a way that would conflict our current data protection practices or prevent the transfer of data between countries in which we operate.

While online personal services are not currently required to verify the age or identity of subscribers, or to run criminal background checks, legislation in this area has been proposed over the last few years in Ohio, Texas, California, Michigan, New Jersey, Florida and Virginia. Companies that provide personals services are not currently subject to the same type of regulation as companies deemed "dating service" providers. However, if a court holds that we are legally providing "dating services" as defined in the relevant regulations, we may be required to comply with additional state regulations. Further, Connecticut, New York, Florida, Texas and New Jersey each have enacted laws that require us to display safety warnings and disclosures to users that we do not conduct background checks.

In addition, rising concern about the use of social networking technologies for illegal conduct may in the future produce legislation or other governmental action that could require changes to our online dating applications or restrict or impose additional costs upon the conduct of our business. These regulatory and legislative developments, including excessive taxation, may prevent or significantly limit our ability to expand our business.

Employees

As of March 7, 2016, we had 24 employees, all of whom are employed on a full-time basis. We believe that our future success depends in part on our continued ability to hire, assimilate and retain qualified personnel.

ITEM 1A. Risk Factors

The risks below are those that we believe are the material risks that we currently face, but are not the only risks facing us and our business. If any of these risks actually occur, our business, financial condition and results of operations could be materially adversely affected.

Risks Relating to Our Business

Our independent registered public accounting firm's report, contained herein, includes an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern, indicating the possibility that we may not be able to operate in the future.

Our financial statements have been prepared on the basis that we will continue as a going concern. For the year ended December 31, 2015, we incurred a net loss of $1.3 million. As of December 31, 2015, our accumulated deficit was $14.7 million. We expect to continue incurring losses for the foreseeable future and must raise additional capital in order to repay our 12% Senior Secured Convertible Note (the "Note"), which is due on February 13, 2017, and sustain our operations while continuing the longer term efforts contemplated under our business plan. Our ability to raise capital on reasonable terms or at all may be adversely impacted by doubts about our ability to continue as a going concern.

If we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs in order to conserve our cash in amounts sufficient to sustain operations and meet our obligations. If we become insolvent, investors in our stock may lose the entire value of their investment in our business. The accompanying consolidated financial statements do not include any adjustments that may be necessary should we be unable to continue as a going concern. It is not possible for us to predict at this time the potential success of our business.

Our ability to repay our indebtedness is dependent on our ability to generate cash flow from operations, which depends on many factors beyond our control. Any failure to meet our debt obligations could harm our business, financial condition and results of operations.

On February 13, 2015, we issued the Note to Sigma Opportunity Fund II, LLC ("Sigma II") in the aggregate principal amount of $3,000,000. The Note matures on the earlier of February 13, 2017 or a change of control. Our ability to make payments on and to repay our indebtedness, including the Note, will depend on our ability to generate cash flow from operating activities and other resources in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We may be required to dedicate a substantial portion of our cash flow from operating activities to payments on our indebtedness, including the Note, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes. Although we currently believe that we have sufficient resources to make our required payments on the Note throughout 2016, we believe that our cash flow and capital resources will be insufficient to pay the outstanding balance of the Note when it becomes due in February 2017. In order to repay the Note upon its maturity, we expect that we will need to issue additional equity or debt securities, sell assets or refinance or restructure the Note before it becomes due. These remedies may not be available on commercially reasonable terms, or at all. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness, including the Note, would likely harm our ability to incur additional indebtedness on acceptable terms, if at all. In the future, our cash flow and capital resources may be insufficient for payment of interest on and principal of our indebtedness, including the Note, which could cause us to default on our obligations and could impair our liquidity.

If we cannot make scheduled payments on the Note or repay the Note when it becomes due, we will be in default and Sigma II could declare all outstanding principal and interest on the Note to be immediately due and payable and could foreclose against the assets securing the Note, which could force us into bankruptcy or liquidation. Our inability to generate sufficient cash flows to satisfy our indebtedness, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations.

The Note contains operating and financial covenants that may prevent us from engaging in transactions that might benefit us, including responding to changing business and economic conditions or securing additional financing, if needed.

The terms of the Note contain customary events of default and covenants that prohibit us and our subsidiary from taking actions without satisfying certain conditions or obtaining the consent of Sigma II. These restrictions, among other things, limit our ability to:

- incur additional indebtedness;
- create liens against our assets;
- amend our Certificate of Incorporation and Amended and Restated By-Laws;
- make certain repurchases and repayments of our equity and debt securities;
- make certain payments and distributions;
- pay dividends;
- engage in certain issuances of our common stock; and
- engage in certain transactions with affiliates.

As a result of these covenants and restrictions, we are limited in how we conduct our business and we may be unable to raise additional debt financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We may not be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from Sigma II and/or amend these covenants. A breach of these covenants could result in an event of default under the Note, which could result in the acceleration of our obligations. If that should occur, we may be unable to repay all of our obligations, which could force us into bankruptcy or liquidation.

We may be unable to repay our current or future indebtedness or make future investments necessary to implement our business strategy.

We cannot provide any assurance that we will be able to raise the necessary capital to repay our current or future indebtedness or make future investments necessary to implement our business strategy, and the failure to do so could have a material adverse effect on our business, financial condition, results of operations and liquidity, on our ability to service our indebtedness and other obligations. In recent years, it has been difficult for certain companies to access capital or other sources of funds. We cannot provide any assurance that conditions will not deteriorate further or that our access to capital and other sources of funding will not become further constrained, which could adversely affect our business, results of operation or financial condition.

To address constraints on our access to capital, we could, among other things, (i) obtain commitments from banks or other lenders to either refinance indebtedness or increase amounts of indebtedness under existing promissory notes, (ii) access the capital markets, or (iii) dispose of assets. As with other public companies, our access to debt and equity capital depends, in part, on the trading prices of our common stock, which, in turn, depend upon market conditions that change from time to time, such as the market's perception of our financial condition, our growth potential and our current and future earnings. No assurance can be provided that we will be successful in our efforts to gain access to capital. Our failure to meet the market's expectation with regard to future earnings could impact our ability to access capital or increase our borrowing costs. If we cannot access capital at an acceptable cost or at all, we may be required to sell assets.

We derive a portion of our revenue from the Apple and Google platforms, and if we are unable to maintain a good relationship with Apple Inc. or Google Inc., our business could suffer.

A portion of our revenue, primarily our revenue from mobile platforms, is derived from Apple Inc.'s iOS and Google Inc.'s Android platforms and we believe that we have a good relationship with Apple Inc. and Google Inc. Any deterioration in our relationship with either Apple Inc. or Google Inc. could materially harm our business, results of operations or financial condition.

We are subject to each of Apple Inc.'s and Google Inc.'s standard terms and conditions for application developers, which govern the promotion, distribution and operation of our applications on their respective storefronts. Each of Apple Inc. and Google Inc. has broad discretion to change its standard terms and conditions. In addition, these standard terms and conditions can be vague and subject to changing interpretations by Apple Inc. or Google Inc. In addition, each of Apple Inc. and Google Inc. has the right to prohibit a developer from distributing applications on the storefront if the developer violates the standard terms and conditions. In the event that either Apple Inc. or Google Inc. ever determines that we are in violation of its standard terms and conditions and prohibits us from distributing our applications on its storefront, it could materially harm our business, results of operations or financial condition.

We also rely on the continued function of the Apple App Store and the Google Play ^{TM} Store, as a portion of our revenue is derived from these two digital storefronts. There have been occasions in the past when these digital storefronts were unavailable for short periods of time or where there have been issues with the in-App purchasing functionality from the storefront. In the event that either the Apple App Store or the Google Play Store is unavailable or if in-App purchasing functionality from the storefront is non-operational for a prolonged period of time, it could have a material adverse effect on our business, results of operations or financial condition.

Our future success is dependent, in part, on the performance and continued service of our executive officers. Without their continued service, we may be forced to interrupt or eventually cease our operations.

We are dependent to a great extent upon the experience, abilities and continued service of Alexander Harrington, our Chief Executive Officer and Chief Financial Officer, and Clifford Lerner, our President of The Grade and Chairman of the Board of Directors. The loss of the services of either of Messrs. Harrington or Lerner would substantially affect our business or operations and could have a material adverse effect on our business, results of operations or financial condition.

As an online dating company, we are in the intensely competitive online dating industry and any failure to attract new users and subscribers could diminish or suspend our development and possibly cease our operations.

The online dating industry is highly competitive and has few barriers to entry. If we are unable to efficiently and effectively attract new users and subscribers as a result of intense competition or a saturated market, we may not be able to continue the development and enhancement of our applications or become profitable on a consistent basis in the future.

Important factors affecting our ability to successfully compete include:

- our ability to hire and retain talented employees, including technical employees, executives, and marketing experts;
- competition for acquiring users that could result in increased user acquisition costs;
- reliance upon the platforms through which our applications are accessed and the platforms' ability to control our activities on such platforms;
- our ability to innovate in our ever-changing industry; and
- our good standing with billing providers and email service providers.

We face substantial competition from online dating websites such as Christianmingle.com, Cupid.com, eHarmony.com, POF.com, Match.com or other IAC properties, as well as online dating applications provided by Badoo Trading Limited, IAC, MeetMe, Inc. and Zoosk. We also face substantial competition from mobile-based applications including Tinder, Happn, Hinge and Bumble.

Many of our current and potential competitors offer similar services, have longer operating histories, significantly greater capital, financial, technical, marketing and other resources and larger user or subscriber bases than we do. These factors may allow our competitors to more quickly respond to new or emerging technologies and changes in user preferences. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive subscription prices that may allow them to build larger user and paying subscriber bases. Our competitors may develop applications or services that are equal or superior to our applications or that achieve greater market acceptance than our applications. It is possible that a new product developed by one of our competitors could gain rapid scale at the expense of existing brands through harnessing a new technology or distribution channel, creating a new approach to connecting people or some other means. In addition, new and different types of social networking may also increase in popularity at the expense of online dating. Moreover, costs for consumers to switch between products in the dating industry are generally low, and consumers have a propensity to try new products to connect with new people. As a result, new entrants and business models are likely to continue to emerge in our industry. These activities could attract users and subscribers away from our application, reduce our market share and have a material adverse effect on our business, results of operations and financial condition.

We rely on a small portion of our total users for nearly all of our revenue.

Compared to the total number of users in any given period, only a small portion of our users are paying subscribers. We primarily generate revenue through subscription sales to this small portion of users and secondarily generate revenue through paid advertisements. Users discontinue the use of our applications in the ordinary course of business and to sustain our revenue levels, we must attract, retain and increase the number of users or more effectively monetize our existing users. To retain existing users, and particularly those users who are paying subscribers, we must devote significant resources so that our applications retain their interest. If we fail to grow or sustain the number of our users, or if the rates at which we attract and retain existing users declines or the rate at which users become paying subscribers declines, it could have a material adverse effect on our business, results of operations or financial condition.

As the distribution of FirstMet through application stores increases, we may incur additional fees from the developers of application stores.

As our user base continues to shift to mobile solutions, we increasingly rely on the Apple Inc.'s iOS and Google Inc.'s Android platforms to distribute FirstMet. While FirstMet is free to download from these stores, we offer our users the opportunity to purchase paid memberships and certain premium features through FirstMet. We determine the prices at which these memberships and features are sold and, in exchange for facilitating the purchase of these memberships and features through FirstMet to users who download FirstMet from these stores, we pay Apple Inc. a share (currently 30%) of the revenue we receive from these transactions. In the future, other distribution platforms that we utilize may charge us fees for the distribution of our applications. As the distribution of FirstMet through application stores increases, the amount of fees that we must pay to the developers of these application stores will also increase. Unless we find a way to offset these fees, our business, financial condition and results of operations could be adversely affected.

Because we recognize revenue from subscriptions over the subscription term, downturns or upturns in subscription sales may not be immediately reflected in our results of operations or financial condition.

We recognize subscription revenue from customers monthly over the subscription term, and subscriptions are offered in durations of one-, three-, six- and twelve-month terms. As a result, much of the subscription revenue we report in each period is deferred revenue from subscription agreements entered into during previous periods. Consequently, a decline in new or renewed subscriptions in any one quarter will not necessarily be reflected in the revenue for that quarter and will negatively affect our revenue in future quarters. In addition, we might not be able to immediately adjust our costs and expenses to reflect these reduced revenues. Accordingly, the effect of significant downturns in user acceptance of our applications may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to quickly increase our revenue through additional sales in any period, as revenue from new subscribers must be recognized over the subscription term.

Our business depends on developing, establishing and maintaining strong brands. If we are unable to maintain and enhance our brands, we may be unable to expand or retain our user and paying subscriber bases.

We believe that developing, establishing and maintaining awareness of our application brands is critical to our efforts to achieve widespread acceptance of our applications and is an important element to expanding our user and subscriber bases. Successful promotion of our application brands will depend largely on the effectiveness of our advertising and marketing efforts and on our ability to provide reliable and useful applications at competitive prices. If paying subscribers do not perceive our applications to be of high quality, or if our applications are not favorably received by users and subscribers, the value of our brands could diminish, thereby decreasing the attractiveness of our applications to users and subscribers. In addition, advertising and marketing activities may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incurred in building our brands. If we fail to successfully promote and maintain our application brands, or incur substantial expenses in unsuccessfully attempting to promote and maintain our brands, we may fail to attract enough new subscribers or retain our existing subscribers to the extent necessary to realize a sufficient return on our advertising and marketing activities, and it could have a material adverse effect on our business, results of operations or financial condition.

The online dating industry is characterized by rapid technological change and the development enhancements and new applications, and if we fail to keep pace with technological developments or launch new applications, our business may be adversely affected.

The online dating industry is characterized by rapid change and our future success is dependent upon our ability to adopt and innovate. To attract new users and increase revenues from existing users, we need to enhance, add new features to and improve our existing applications and introduce new applications in the future. The success of any enhancements or new features and applications depends on several factors, including timely completion, introduction and market acceptance. For example, we recently launched The Grade, a new online dating application, the commercial success of which has not yet been determined. In addition, we recently completed the rebranding of AYI to FirstMet and we are developing a new application that is expected to be completed in the third quarter of 2016. Building a new brand or product is generally an iterative process that occurs over a meaningful period of time and involves considerable resources and expenditures, and we may expend significant time and resources developing and launching an application that may not result in revenues in the anticipated timeframe or at all, or may not result in revenue growth that is sufficient to offset increased expenses. If we are unable to successfully develop enhancements, new features or new applications to meet user trends and preferences, our business and operating results could be adversely affected.

In addition, our applications are designed to operate on a variety of network, hardware and software platforms using Internet tools and protocols and we need to continuously modify and enhance our applications to keep pace with technological changes. If we are unable to respond in a timely and cost-effective manner, our current and future applications may become less marketable and less competitive or even obsolete.

If we fail to effectively manage our growth or attract and have qualified employees, our business, results of operations or financial condition could be harmed.

As of March 7, 2016, approximately 29% of our employees have been with us for less than one year and approximately 58% of our employees have been with us for less than two years. As we continue to grow, we must expend significant resources to identify, hire, integrate, develop, motivate and retain a number of qualified employees, including certain highly skilled technical employees. If we fail to effectively manage our employment needs and successfully integrate our new hires, our ability to launch new applications and enhance or support our existing applications could suffer and it could have a material adverse effect on our business, results of operations or financial condition.

Our business depends in large part upon the availability of cost-effective advertising space through a variety of media and keeping pace with trends in consumer behavior.

We depend upon the availability of advertising space through a variety of media, including third party applications on platforms such as Facebook, to recruit new users and subscribers, generate activity from existing users and subscribers and direct traffic to our application. Historically, we have had to increase our marketing expenditures in order to attract and retain users and sustain our growth. The availability of advertising space varies, and a shortage of advertising space in any particular media or on any particular platform, or the elimination of a particular medium on which we advertise, could limit our ability to generate new subscribers, generate activity from existing subscribers or direct traffic to our applications, any of which could have a material adverse effect on our business, results of operations and financial condition. In addition, evolving consumer behavior can affect the availability of profitable marketing opportunities. For example, as consumers communicate less via email and more via text messaging and other virtual means, the reach of email campaigns designed to attract new and repeat users (and retain current users) for our applications is adversely impacted. To continue to reach potential users and grow our business, we must devote more of our overall marketing expenditures to newer advertising channels, which may be unproven and undeveloped, and we may not be able to continue to manage and fine-tune our marketing efforts in response to these trends.

Our heavy reliance on Facebook may negatively affect our business.

Facebook is the primary third-party platform on which our applications operate. During 2015 and 2014, the majority of our subscription revenue was generated from subscribers to FirstMet that were acquired through the Facebook platform and we expect this trend to continue in the foreseeable future.

We are subject to Facebook, Inc.'s standard terms and conditions for application developers, which govern the development, promotion, distribution, operation and use of our applications on the Facebook platform. Accordingly, we are subject to numerous risks and uncertainties and our business would be harmed if:

- Facebook, Inc. discontinues, limits or restricts access to its platform by us or our applications;
- Facebook, Inc. changes its terms and conditions or other policies and features, including restricting the method of collecting payments through the Facebook platform;
- Facebook, Inc. establishes more favorable relationships with one or more of our competitors or develops applications or features that compete with our application; or
- Facebook, Inc. discontinues, limits or restricts our ability to send notifications through the Facebook platform.

If any of these actions occur, they could have a material adverse effect on our business, results of operations or financial condition.

Our applications rely heavily on email campaigns. We face a risk that any disruptions in or restrictions on the sending or receipt of emails, or any increase in the associated costs could adversely affect our business, results of operations or financial condition.

Our emails are an important driver of our users' and subscribers' activities. We send a large volume of emails to our subscribers notifying them of a variety of activities on our applications, such as new matches. We face a risk that service providers or email applications may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver emails to our users and subscribers. Third parties may also block our emails as spam, impose restrictions on, or start to charge for, the delivery of emails through their email systems. Without the ability to email these users and subscribers, we may have limited means of promoting new subscriptions and inducing subscribers to return to and use our applications.

In addition, we face the risk that, as consumer habits evolve, usage of email will decline as users focus on communicating through text messages and social networking applications. While we continually work to find new means of communicating and connecting with our members, these new means may not be as effective as email has historically been for us. Due to the importance of email to our business, any disruptions or restrictions on the distribution or receipt of emails or increase in the associated costs or erosion in our ability to communicate with our users via email could have a material adverse effect on our business, results of operations and financial condition.

Any interruption or failure of our data center could impair our ability to effectively provide our application, which could have a material adverse effect on our business, results of operations or financial condition.

Our corporate headquarters and our primary data center are located in New York, New York. While we lease the equipment at our data center, we rent space and bandwidth from a co-located facility. Our applications depend on the continuing operation of our data center and any damage to or failure of our data center could result in interruptions in our services. Our data center is vulnerable to damage or interruption from break-ins, sabotage, acts of vandalism, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses or cyber-attacks and other unforeseeable events. Any interruption in our service could damage our reputation, cause our users and subscribers to terminate their use of our applications and prevent us from gaining additional business from current or future users and subscribers, which could have a material adverse effect on our business, results of operations or financial condition.

Interruption, maintenance or failure of our programming code, servers or technological infrastructure could hurt our ability to effectively provide our applications, which could damage our reputation and harm our results of operations.

The availability of our applications depend on the continued operation of our programming code, databases, servers and technological infrastructure. Any damage to, or failure of, our systems could result in interruptions in service for our applications, which could damage our brands and have a material adverse effect on our business, results of operations or financial condition. Our systems are vulnerable to damage or interruption from terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm our systems. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities.

In addition, from time to time we experience limited periods of server downtime due to maintenance or enhancements. If our applications are unavailable during these periods of downtime or if our users are unable to access our applications within a reasonable amount of time, our business would be adversely affected and the reputation of our brands could be harmed.

Security breaches, computer viruses and computer hacking attacks could harm our business, results of operations or financial condition.

Security breaches, computer malware and computer hacking attacks have become more prevalent in our industry. Any security breach caused by hacking, including efforts to gain unauthorized access to our applications, servers or websites, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could harm our business, financial condition and results of operations. Though it is difficult to determine what harm may directly result from any specific interruption or breach, any failure to maintain performance, reliability, security and availability of our applications, servers or website may result in significant expenses, loss of revenue and have a material adverse effect on our business, results of operations or financial condition.

If there are changes in laws or regulations regarding privacy and the protection of user data, or if we fail to comply with such laws or regulations, we may face claims brought against us by regulators or users that could adversely affect our business, results of operations or financial condition.

State, federal and international laws and regulations govern the collection, use, retention, sharing and security of data that we receive from and about our users. Any failure, or perceived failure, by us to comply with such laws and regulations, including Federal Trade Commission requirements 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. As a result of such a failure, or perceived failure, we may be subject to a claim or class-action lawsuit regarding our online services. The successful assertion of a claim against us, or a regulatory action against us, could result in significant monetary damages, diversion of management resources and require us to make significant payments and incur substantial legal expenses. Any claims with respect to violation of privacy or misappropriation of user data brought against us may have a material adverse effect on our business, results of operations and financial condition.

We have faced, and we expect that we will continue to face, chargeback liability when our credit card providers resolve chargebacks in favor of their customers. We cannot accurately anticipate the extent of these liabilities, and if not properly addressed, these liabilities could increase our operating expenses or preclude us from accepting certain credit cards as a method of payment, either of which would materially adversely affect our results of operations and financial condition.

We depend on the ability to accept credit and debit card payments from our subscribers and our ability to maintain the good standing of our merchant account with our credit card providers to process subscription payments. In the event that one of our customers initiates a billing dispute and one of our credit card providers resolves the dispute in the customer's favor, the transaction is normally "charged back" to us and the purchase price is credited or otherwise refunded to the customer.

We have suffered losses and we expect that we will continue to suffer losses as a result of subscriptions placed with fraudulent credit card data, as well as users who chargeback their purchases. Any failure to adequately control fraudulent credit card transactions or keep our chargebacks under an acceptable threshold would result in significantly higher credit card-related costs and, therefore, materially increase our operating expenses.

If government regulation or taxation of the online dating industry increases, it may adversely affect our business, results of operations or financial condition.

We may be subject to additional operating restrictions and government regulations in the future. Companies engaging in e-commerce, online dating and related businesses face uncertainty related to future government regulation of the Internet. Due to the rapid growth and widespread use of the Internet, federal and state governments have enacted and are considering various laws and regulations relating to the Internet in areas including, but not limited to, billing practices, privacy, online safety and taxation. Furthermore, the application of existing laws and regulations to Internet companies remains somewhat unclear. The adoption of new laws and regulations could adversely affect the growth, popularity or use of the Internet, including laws limiting Internet neutrality, decreasing the demand for our applications and increase our cost of doing business. Our business, results of operations or financial condition may be negatively affected by new laws, and such existing or new regulations may expose us to substantial compliance costs and liabilities and may impede the growth in use of the Internet. In addition, sales tax for business conducted on the Internet is rapidly being legislated in the various states and abroad. We may incur substantial liabilities or expenses necessary to comply with these laws and regulations or penalties for any failure to comply.

If we are subject to intellectual property infringement claims, it could cause us to incur significant expenses, pay substantial damages or royalties and prevent us from offering our applications.

Third parties may claim that our applications infringe or violate their intellectual property rights. Any such claims could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages and prevent us from using licensed technology that may be fundamental to our applications. Even if we were to prevail, any litigation regarding intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations. We maintain insurance to protect against intellectual property infringement claims and resulting litigation, but such insurance may not be sufficient to cover all potential claims, liability or expenses. We may also be obligated to indemnify our business partners in any such litigation, which could further exhaust our resources. Furthermore, as a result of an intellectual property challenge, we may be prevented from offering our applications unless we enter into royalty, license or other agreements. We may not be able to obtain such agreements at all or on terms acceptable to us, and as a result, we may be precluded from offering our applications and services.

If we are unable to protect our intellectual property rights, we may be unable to compete with competitors developing similar technologies.

Our success and ability to compete are often dependent upon the development of intellectual property for our applications. While we rely on copyright, trade secret and trademark law to protect our intellectual property, we believe that factors such as the technological and creative skills of our employees, frequent enhancements to our application and reliable maintenance are more essential to establishing superior applications. There can be no assurance that other persons will not develop intellectual property that is similar or superior to our intellectual property. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology, making it more difficult for us to compete.

We face risks of litigation and regulatory actions if we are deemed a dating service or Internet dating service.

In certain states, companies that provide dating services or Internet dating services are subject to various regulations. Because our applications provide online dating features, we could be exposed to regulation as a dating or Internet dating service. If we were considered to be a dating service or Internet dating service in any of the jurisdictions in which we operate, we might be required to comply with regulations that would require us to, among other things, provide disclosure regarding our screening practices and warnings on our applications regarding the dangers associated with the use of our applications. If a legal authority determines that we have provided and are providing dating services or Internet dating services that are regulated by certain states, we could be deemed to be out of compliance with such regulations and could be liable for any damages as a result of our past non-compliance, either of which could have a material adverse effect on our business, financial condition or results of operations.

We face certain risks related to the physical and emotional safety of users and third parties.

We cannot control the actions of our users in their communications or physical actions. There is a possibility that users or third parties could be physically or emotionally harmed following interaction with another user. We warn our users that we do not screen other users and, given our lack of physical presence, we do not take any action to ensure personal safety on a meeting between users or subscribers arranged following contact initiated via our applications. If an unfortunate incident of this nature occurred in a meeting of two people following contact initiated on our applications or that of one of our competitors, any resulting negative publicity could materially and adversely affect us or the online dating industry in general. Any such incident involving our applications could damage our reputation and our brand, which could have a material adverse effect on our business, results of operations or financial condition. In addition, the affected users or third parties could initiate legal action against us, which could divert management attention from operations, cause us to incur significant expenses, whether we are successful or not, and damage our reputation.

We may need additional capital to execute our business plan. If we do not obtain additional financing, it could have a material adverse effect on our business, results of operations or financial condition.

We might need to raise additional capital or financing through debt or equity offerings to support our expansion, marketing efforts and application development programs in the future. We might require additional capital or financing to:

- hire and retain talented employees, including technical employees, executives, and marketing experts;
- effectuate our long-term growth strategy and expand our application development programs; and
- market and advertise our applications to attract more paying subscribers.

We may be unable to obtain future capital or financing on favorable terms or at all. If we cannot obtain additional capital or financing, we will need to reduce, defer or cancel application development programs, planned initiatives, marketing or advertising expenses or costs and expenses. The failure to obtain additional capital or financing on favorable terms, if at all, could have a material adverse effect on our business, results of operations or financial condition.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud and our business may be harmed and our stock price may be adversely impacted.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and to effectively prevent fraud. Any inability to provide reliable financial reports or to prevent fraud could harm our business. The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires management to evaluate and assess the effectiveness of our internal control over financial reporting. In order to continue to comply with the requirements of the Sarbanes-Oxley Act, we are required to continuously evaluate and, where appropriate, enhance our policies, procedures and internal controls. If we fail to maintain the adequacy of our internal controls over financial reporting, we could be subject to litigation or regulatory scrutiny and investors could lose confidence in the accuracy and completeness of our financial reports. We cannot assure you that in the future we will be able to fully comply with the requirements of the Sarbanes-Oxley Act or that management will conclude that our internal control over financial reporting is effective. If we fail to fully comply with the requirements of the Sarbanes-Oxley Act, our business may be harmed and our stock price may decline.

Our assessment, testing and evaluation of the design and operating effectiveness of our internal control over financial reporting resulted in our conclusion that as of December 31, 2015 our internal control over financial reporting was not effective, due to the Company's lack of an independent audit committee.

With respect to the year ended December 31, 2015, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures. Based upon this evaluation, our management concluded that our disclosure controls and procedures were not effective as of December 31, 2015.

Risks Related to our Common Stock

Our results of operations are volatile and difficult to predict, and our stock price may decline if we fail to meet the expectations of stockholders.

Our revenue and results of operations could vary significantly from period-to-period and year-to-year and may fail to match our past performance because of a variety of factors, many of which are outside of our control. Any of these events could cause the market price of our common stock to fluctuate. Factors that may contribute to the variability of our results of operations include:

- changes in expectations as to our future financial performance;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships or capital commitments;
- market acceptance of our new applications and enhancements to our existing applications;
- the amount of advertising and marketing that is available and spent on user acquisition campaigns;
- disruptions in the availability of our applications on third party platforms;
- actual or perceived violations of privacy obligations and compromises of subscriber data;
- the entrance of new competitors in our market whether by established companies or the entrance of new companies;
- additions or departures of key personnel and the cost of attracting and retaining application developers and other software engineers; and
- general market conditions, including market volatility.

Given the rapidly evolving industry in which we operate, our historical results of operations may not be useful in predicting our future results of operations. In addition, metrics available from third parties regarding our industry and the performance of our applications may not be indicative of our future financial performance.

Our common stock is usually thinly traded, you may be unable to sell at or near ask prices or at all and the price of our common stock may be volatile.

The shares of our common stock have usually been thinly-traded on the OTCQB Marketplace (the "OTCQB"), meaning that the number of persons interested in purchasing our common stock at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on stock price. A broader or more active public trading market for our common stock may not develop or be sustained, and the current trading level of our common stock may not be sustained. Due to these conditions, you may be unable to sell your common stock at or near ask prices or at all if you desire to sell shares of common stock.

Because of the limited trading market for our common stock, and because of the possible price volatility, you may not be able to sell your shares of common stock when you desire to do so. The inability to sell your shares in a rapidly declining market may substantially increase your risk of loss because of such illiquidity and because the price for our common stock may suffer greater declines because of its price volatility.

Clifford Lerner's control may prevent you from directing the course of our operations and may affect the price of our common stock.

Clifford Lerner beneficially owned 30,250,000 shares of common stock as of March 7, 2016. As long as Mr. Lerner beneficially owns more than 50% of our outstanding shares, he will be able to elect our entire Board of Directors, control all matters that require a stockholder vote (such as mergers, acquisitions and other business combinations) and exercise control over our management and operations. This concentration of ownership could result in a reduction in value to the common stock you own because of ineffective voting power, and could delay or prevent us from undergoing a change of control in the future on terms that other stockholders may desire. In addition, the interests of Mr. Lerner and our minority stockholders may not always be the same, and this concentration of voting power may lead to stockholder votes that are inconsistent with the best interests of our minority stockholders or our best interests as a whole.

The issuance of shares upon the exercise of derivative securities may cause immediate and substantial dilution to our existing stockholders.

As of December 31, 2015, we had approximately 39.7 million shares of common stock that were issuable upon the conversion of the Note or upon the exercise of outstanding stock options or warrants. The issuance of shares upon the conversion or exercise, as applicable, of these derivative securities may result in substantial dilution to the equity interest and voting power of holders of our common stock.

Delaware law and our Certificate of Incorporation and Amended and Restated By-Laws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Under our Certification of Incorporation, our Board of Directors is authorized to issue shares of preferred stock in one or more series and to fix the voting powers, preferences and the qualifications, limitations or restrictions of the preferred stock. Accordingly, we may issue shares of preferred stock with a preference over our common stock with respect to dividends or distributions on liquidation or dissolution, or that may otherwise adversely affect the voting or other rights of the holders of common stock. Issuances of preferred stock, depending upon the rights, preferences and designations of the preferred stock, may have the effect of delaying, deterring or preventing a change of control, even if that change of control might benefit our stockholders.

We are also subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) prior to the date of the transaction, the Board of Directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (ii) the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or subsequent to the date of the transaction, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

We are not subject to certain corporate governance provisions of the Sarbanes-Oxley Act.

Since our common stock is not listed for trading on a national securities exchange, we are not subject to certain corporate governance requirements established by the national securities exchanges pursuant to the Sarbanes-Oxley Act. These include rules relating to independent directors, director nomination, audit and compensation committees, retention of audit committee financial expert and the adoption of a code of ethics. Unless we voluntarily elect to fully comply with those obligations, which we have not done to date, the protections that these corporate governance provisions were enacted to provide will not exist with respect to us. While we may apply to have our securities listed for trading on a national securities exchange in the future, which would require us to fully comply with those obligations, we cannot assure you that we will make such application, that we would be able to satisfy applicable listing standards, or if we did satisfy such standards, that we would be successful in continuing to meet such listing standards. Even if we were listed on a national securities exchange as a controlled company, we would not be subject to certain corporate governance requirements.

If we fail to remain current on our reporting requirements, we could be removed from the OTCQB, which would limit the ability of broker-dealers to sell our common stock and the ability of stockholders to sell their common stock in the secondary market.

Companies trading on the OTCQB must be reporting issuers under Section 12 of the Exchange Act, and must be current in their filings under the Exchange Act to maintain price quotation privileges on the OTCQB. If we fail to remain current on our reporting requirements, we could be removed from the OTCQB. As a result, the liquidity for our common stock could be adversely affected by limiting the ability of broker-dealers to sell our common stock and the ability of stockholders to sell their common stock in the secondary market.

We do not expect to pay dividends and stockholders should not expect to receive dividends.

We have not paid any dividends on our common stock in the past, and do not anticipate that we will declare or pay any dividends in the foreseeable future. Consequently, stockholders will only realize an economic gain on their investment in our common stock if the price appreciates. Stockholders should not purchase our common stock expecting to receive cash dividends. Because we currently do not pay dividends, and there may be limited trading in our common stock, stockholders may not have any manner to liquidate or receive any payment on their common stock. Therefore, our failure to pay dividends may cause stockholders to not see any return on their common stock even if we are successful in our business operations. In addition, because we do not pay dividends we may have trouble raising additional funds which could affect our ability to expand our business operations.

We have incurred and will continue to incur substantial costs as a result of being a reporting company.

We have faced and will continue to face substantial legal, accounting, administrative and other costs as a result of being a publicly reporting company. In addition to the requirements of the Sarbanes-Oxley Act, rules implemented by the SEC and the Public Company Accounting Oversight Board have required changes in the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make legal, accounting and administrative activities more time-consuming and costly. For example, we intend to form an independent audit committee and adopt policies regarding internal control over financial reporting and disclosure controls and procedures. We are also incurring higher costs to obtain directors' and officers' insurance than in prior periods. In addition, we may identify and incur additional costs and expenses associated with being a publicly held company.

Sales of substantial amounts of our common stock in the public market, or the perception that they might occur, could reduce the price that our common stock might otherwise attain and may dilute your voting power and your ownership interest in us.

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our common stock available for sale.

We may issue shares of our common stock or securities convertible into our common stock from time to time in the future in connection with financings, acquisitions, investments or otherwise. Any such issuance could result in ownership dilution to our existing stockholders and cause the trading price of our common stock to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive office is located at 320 W 37th Street, 13th Floor, New York, NY 10018. We currently do not own any real property. The term of our office lease runs until March 4, 2022. Our monthly office rent payments under the lease are currently approximately $26,000 per month and escalate on an annual basis for each year of the term of the lease thereafter. In addition, we paid a security deposit in the amount of $200,659 on our office lease.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is quoted on the OTCQB under the symbol "STVI." The following table sets forth the range of the quarterly high and low bid price information for the fiscal quarters indicated below as reported by the OTCQB.

	High Bid* ($)	Low Bid* ($)
2015		
Fourth Quarter	$ 0.17	$ 0.06
Third Quarter	0.21	0.10
Second Quarter	0.25	0.15
First Quarter	0.25	0.16
2014		
Fourth Quarter	$ 0.36	$ 0.18
Third Quarter	0.37	0.24
Second Quarter	0.40	0.25
First Quarter	0.51	0.27

* The over-the-counter market quotations of the bid prices reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

The market price of our common stock is subject to significant fluctuations in response to variations in our quarterly operating results, general trends in the market, and other factors, over many of which we have little or no control. In addition, broad market fluctuations, as well as general economic, business and political conditions, may adversely affect the market for our common stock, regardless of our actual or projected performance.

Holders

As of March 7, 2016, there were approximately 25 holders of record of our common stock. This does not reflect the number of persons or entities who held stock in nominee or street name through various brokerage firms.

Dividend Policy

We have never declared or paid dividends on our common stock. We do not anticipate paying any dividends on our common stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. Any future determination to declare dividends will be subject to the discretion of our Board of Directors and will depend on various factors, including applicable Delaware law, future earnings, capital requirements, results of operations and any other relevant factors. In general, as a Delaware corporation, we may pay dividends out of surplus capital or, if there is no surplus capital, out of net profits for the fiscal year in which a dividend is declared and/or the preceding fiscal year. Pursuant to the terms of the Note that we issued to Sigma II on February 13, 2015, we are restricted from paying cash dividends on our common stock without first obtaining Sigma II's prior written consent.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the year ended December 31, 2015 that were not previously reported on a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the fourth quarter of the fiscal year ended December 31, 2015.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and the accompanying notes thereto included in "Item 8. Financial Statements and Supplementary Data." Unless the context otherwise indicates, references to "Snap," "we," "our," "us" and the "Company" refer to Snap Interactive, Inc. and its subsidiary on a consolidated basis.

Forward-Looking Statements

In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. See "Forward-Looking Statements." Our results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Item 1A. Risk Factors" in the Form 10-K.

Overview

The Company operates a portfolio of two dating applications, FirstMet, available through desktop and mobile platforms, and The Grade, which is available through iOS and Android platforms. We also intend to expand our portfolio through the development of new applications, including a new application based on our existing product platform that we expect will launch in the third quarter of 2016. In March 2016, we completed a rebranding of our dating application "Are You Interested?" ("AYI") under the name FirstMet. FirstMet offers the unique features and superior user experience of AYI under a refreshed brand identity.

Our dating applications and the revenues generated therefrom are supported by a large user database of approximately 30 million users. Our management believes that the scale of our user database presents a competitive advantage in the dating industry and can present growth opportunities to build future dating application brands or to commercialize by presenting third party advertising.

During 2015, a substantial amount of our resources were devoted to supporting the growth of The Grade, which has been offered to users for free since its launch in 2014. We currently have no plans to monetize The Grade, and during December 2015, we began concentrating resources on the upcoming rebranding of AYI to FirstMet in an effort to support FirstMet's growth and increase our operating cash flow by focusing on our revenue-generating application. As a result, we achieved a 6.3% increase in bookings in December 2015 compared to the prior month and a 3.4% increase in bookings in January 2016 compared to the prior month. We expect that, for the foreseeable future, we will continue to allocate the significant majority of our resources and spending on FirstMet. As we sustain this lower level of spending on sales and marketing for The Grade, we expect that we may experience a decrease in the number of The Grade's users and the growth in the cumulative number of swipes may slow over time.

Significant Developments

Appointment of Chief Executive Officer and President of The Grade

Effective October 13, 2015, we appointed Alexander Harrington as the Company's Chief Executive Officer and Clifford Lerner as the Company's President of The Grade. Mr. Harrington previously served as the Company's Chief Operating Officer and Chief Financial Officer since March 2014 and will retain the role of Chief Financial Officer in connection with the transition. Mr. Lerner previously served as the Company's President and Chief Executive Officer since the Company's founding in 2005. Each of Messrs. Harrington and Lerner will continue to serve as members of our Board of Directors. In connection with Mr. Harrington's and Mr. Lerner's appointments, the Company amended its employment agreements with each of Mr. Harrington and Mr. Lerner to update the description of such individual's positions with, and responsibilities to, the Company.

Strategic Review

In 2015, we initiated a strategic review process to identify ways to unlock shareholder value. As a result, we developed a new company strategy centered around the proactive commercialization of our 30 million user database via the development of a portfolio of products that are cross-sold to our users. In connection with this strategy, we recently completed the rebranding of AYI to FirstMet. We are also exploring opportunities to expand our portfolio through the development of new applications and plan to launch a new application based on our existing product platform in the third quarter of 2016.

Appointment of Independent Board Members

On May 22, 2015, our Board of Directors increased the size of our Board of Directors from two to three members and appointed Steven Fox, DDS, as the first independent member of our Board of Directors. On December 11, 2015, we appointed Neil Foster as the second independent member of our Board of Directors. In addition, on March 3, 2016 we appointed Judy F. Krandel to our Board of Directors and further increased the size of our Board of Directors to five members. Dr. Fox, Mr. Foster and Ms. Krandel will initially serve as directors until our annual meeting of stockholders in 2016.

Financing

On February 13, 2015, we closed a private placement of debt and equity securities for aggregate gross proceeds of $3,000,000, pursuant to which we issued Sigma Opportunity Fund II, LLC ("Sigma II") the following securities: (i) 350,000 shares of our common stock, (ii) a 12% Senior Secured Convertible Note (the "Note") in the aggregate principal amount of $3,000,000 and (iii) a warrant to purchase up to 10,500,000 shares of our common stock. The warrant has an exercise price of $0.35 per share, subject to certain adjustments, and expires on the earlier of February 13, 2020 or a change in control.

Simultaneously with the closing of the private placement, we entered into an advisory services agreement with Sigma Capital Advisors, LLC ("Sigma") pursuant to which Sigma agreed to provide us with certain advisory and consulting services. As consideration for these services, we issued Sigma 150,000 shares of our common stock and a warrant to purchase up to 4,500,000 shares of our common stock. The warrant has an exercise price of $0.35 per share, subject to certain adjustments, and expires on the earlier of February 13, 2020 and a change in control. As long as the Note remains outstanding, we agreed to pay Sigma a monthly advisory fee of $10,000, up to an aggregate limit of $240,000, subject to certain exceptions. As of December 31, 2015, we had paid Sigma $110,000 in advisory fees.

The Note bears interest at a rate of 12% per annum and matures on the earlier of February 13, 2017 or a change in control. During any time while the Note is outstanding, the outstanding principal balance of the Note, together with all accrued and unpaid interest, is convertible into shares of our common stock at the option of Sigma II at a conversion price of $0.20 per share, subject to certain adjustments. Our obligations under the Note are secured by a first priority lien on all of our assets and property. The Note is secured by up to 65% of the outstanding capital stock and other equity interests of Snap Mobile Limited, our wholly owned subsidiary. Snap Mobile Limited is also a guarantor of the Note.

We have used and will continue to use the proceeds from the private placement for general corporate purposes, which may include, among other things, capital expenditures, working capital and repayment or refinancing of existing indebtedness.

Operational Highlights and Objectives

During the year ended December 31, 2015, we executed key components of our objectives:

- appointed two independent directors to our Board of Directors;
- reactivated approximately 2 million inactive users from the AYI database, principally via targeted email campaigns;
- reduced operating expenses by $1.9 million compared to the year ended December 31, 2014; and
- increased user activity on The Grade, our new mobile dating application, exceeding a milestone of 43 million swipes.

In addition, in the portion of 2016 that has already transpired, we accomplished the following objectives:

- appointed a third independent director to our Board of Directors;
- relaunched our foundational product AYI under the new brand FirstMet; and
- rebuilt and re-introduced our iPhone and Android mobile apps, with the goal of reducing the cost of innovation on mobile platforms.

For the near term, our business objectives include:

- launching a new dating product leveraging our existing product platform and the strength of our user database;
- continuing to grow and improve our mobile platforms;
- reengaging more inactive users in our large user database; and
- driving more international growth through foreign language translations of our apps.

Sources of Revenue

FirstMet operates on a "freemium" model, whereby certain application features are free to all users and other features are only available to paid subscribers. We generate revenue primarily when users purchase a subscription to obtain unlimited messaging and certain other premium features. We also generate a small portion of our revenue through advertisements and micro-transactions that allow users to access other premium features on our FirstMet application.

Currently, while The Grade is building its user community, it is offered for free to users. Apart from testing monetization approaches, we have no immediate plans to introduce a means of generating revenue from The Grade.

Subscription. We provide FirstMet users with the opportunity to purchase a subscription that provides for unlimited messaging and other premium features for the length of the subscription term. We believe that FirstMet users choose to become paid subscribers to communicate freely with potential matches and to enhance the online dating experience.

The majority of our revenue is generated from FirstMet subscriptions originating through the Facebook platform, and a significant amount of our revenue is generated from subscriptions through mobile platforms.

Our users have a variety of methods by which to purchase subscriptions to FirstMet. Users can pay by credit card, electronic check, PayPal, Fortumo or as an in-App purchase through Apple Inc.'s App Store. Pursuant to Apple Inc.'s terms of service, Apple Inc. retains 30% of the revenue that is generated from sales on our iPhone application through in-App purchases.

We recognize revenue from monthly FirstMet premium subscription fees in the month in which the services are provided during the subscription term.

Micro-transactions. Micro-transactions allow users to increase the visibility of their profile and messages on FirstMet by paying for such services. In addition, micro-transactions include activation fees for new subscriptions. While micro-transactions are not currently a significant driver of revenue, we believe that such micro-transactions increase user engagement with the application and the likelihood that users will become a paid subscriber. Revenue from micro-transactions is recognized over a two-month period.

Advertising. Our advertising revenue derived from FirstMet primarily consists of revenue from display ads. We generally reported our advertising revenue net of amounts due to agencies, brokers and counterparties. We recognize advertising revenue as earned on a click-through, impression, registration or subscription basis. When a user clicks an advertisement (CPC basis), views an advertisement impression (CPM basis), registers for an external website via an advertisement clicks on or through our application (CPA basis), or clicks on an offer to subscribe to premium features on our application, the contract amount is recognized as revenue.

Costs and Expenses

Cost of revenue. Cost of revenue consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in data center and customer care functions, credit card processing fees, hosting fees, and data center rent and bandwidth costs.

Sales and marketing expense. Sales and marketing expense consists primarily of advertising expenditures and compensation (including stock-based compensation) and other employee-related costs for personnel engaged in sales, and sales support functions. Advertising and promotional spend includes online marketing, including fees paid to search engines, and offline marketing, which is primarily partner-related payments to those who direct traffic to our brands. We plan to continue to expand sales and marketing efforts to attract new users, retain existing users and increase sales to both new and existing users.

Product development expense. Product development expense consists primarily of compensation (including stock-based compensation) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology.

General and administrative. General and administrative expense consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in executive management, finance, legal, tax, human resources and facilities costs and fees for other professional services.

Non-Operating Expenses

Change in fair value of derivative securities. The conversion feature in our outstanding Note, our outstanding warrants and certain interest make-whole instruments are considered derivative instruments that require liability classification and marked-to-market accounting. Our derivative liability is marked-to-market at the end of each reporting period on our Consolidated Balance Sheets, with the changes in fair value reported in earnings on our Consolidated Statements of Operations. We have included the marked-to-market adjustment on derivative liability as a non-operating expense as we do not believe that it is indicative of our core operating results.

We use a custom model that, at each measurement date, calculates the fair value of the derivative liability using a Monte-Carlo style simulation that uses the following assumptions at each valuation date: (i) closing common stock price, (ii) contractual exercise price, (iii) remaining contractual term, (iv) historical volatility of the common stock price, (v) an adjusted volatility that incorporates a 10% incremental discount rate premium (a reduction of the volatility estimate) to reflect the lack of marketability of the conversion feature in the Note and our outstanding warrants, (vi) risk-free interest rates that are commensurate with the term of the conversion feature in the Note and our outstanding warrants and (vii) management assessment of the probability of a change of control at various price points.

An increase or decrease in the fair value of the derivative liability will decrease or increase the amount of our earnings, respectively, separate from income or loss from operations. The primary cause of the change in the fair value of the derivative liability is the value of our common stock. If our common stock price increases, the value of these derivatives will generally increase and if our common stock price decreases, the value of these derivatives will generally decrease.

Key Metrics

Our management relies on certain non-GAAP and/or unaudited performance indicators to manage and evaluate our business. The key performance indicators set forth below help us evaluate growth trends, establish budgets, measure the effectiveness of our advertising and marketing efforts and assess operational efficiencies. We also discuss net cash used in operating activities under the "Results of Operations" and "Liquidity and Capital Resources" sections below. Active subscribers, bookings and Adjusted EBITDA are discussed below.

	Three Months Ended December 31,		For the Years Ended December 31,	
	2015	2014	2015	2014
Active subscribers (at period end)	84,000	100,700	84,000	100,700
Bookings	$ 2,421,890	$ 3,090,652	$ 11,122,060	$ 12,894,316
Net cash provided by (used in) operating activities	$ (25,582)	$ 220,659	$ (1,211,919)	$ (167,574)
Net loss	$ (359,041)	$ (247,553)	$ (1,297,852)	$ (1,657,877)
Adjusted EBITDA	$ 91,192	$ 969	$ (66,313)	$ (521,842)
Adjusted EBITDA as percentage of total revenues	3.4%	0.0%	(0.6)%	(3.8)%

The following table presents recent monthly bookings:

	Months Ended		
	November 2015	December 2015	January 2016
Bookings	$ 773,648	$ 822,526	$ 850,620

Active Subscribers

We believe that the number of active subscribers is a key operating metric to assess the potential of the recurring revenue stream of the FirstMet application. "Active subscribers" means current users that have prepaid a subscription fee for current access to the FirstMet application and whose subscription period has not yet expired. We plan to increase this metric by building a recognizable brand and increasing user engagement on FirstMet through the development of a superior feature set.

Bookings

Bookings is a financial measure representing the aggregate dollar value of subscription fees and micro-transactions received during the period but is not a financial measure that is calculated and presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"). We calculate bookings as subscription revenue recognized during the period plus the change in deferred subscription revenue recognized during the period. We record subscription revenue from subscription fees and micro-transactions as deferred subscription revenue and then recognize that revenue ratably over the length of the subscription term. Our management uses bookings internally in analyzing our financial results to assess operational performance and to assess the effectiveness of, and plan future, user acquisition campaigns. We believe that this non-GAAP financial measure is useful in evaluating our business because we believe, as compared to subscription revenue, it is a better indicator of the subscription activity in a given period. We believe that both management and investors benefit from referring to bookings in assessing our performance and when planning, forecasting and analyzing future periods.

While the factors that affect bookings and subscription revenue are generally the same, certain factors may affect subscription revenue more or less than such factors affect bookings in any period. While we believe that bookings is useful in evaluating our business, it should be considered as supplemental in nature and it is not meant to be a substitute for subscription revenue recognized in accordance with GAAP.

The following table presents a reconciliation of subscription revenue to bookings for each of the periods presented:

	Three Months Ended December 31,		For the Years Ended December 31,	
	2015	2014	2015	2014
Reconciliation of Subscription Revenue to Bookings				
Subscription revenue	$ 2,571,374	$ 3,239,666	$ 11,568,273	$ 12,769,012
Change in deferred subscription revenue	(149,484)	(149,014)	(446,213)	125,304
Bookings	$ 2,421,890	$ 3,090,652	$ 11,122,060	$ 12,894,316

	Months Ended		
	November 2015	December 2015	January 2016
Reconciliation of Subscription Revenue to Bookings			
Subscription revenue	$ 844,268	$ 866,165	$ 865,896
Change in deferred subscription revenue	(70,620)	(43,639)	(15,276)
Bookings	$ 773,648	$ 822,526	$ 850,620

Limitations of Bookings

Some limitations of bookings as a financial measure include that:

- bookings does not reflect that we recognize subscription revenue from subscription fees and micro-transactions over the length of the subscription term or a two-month period, respectively; and
- other companies, including companies in our industry, may calculate bookings differently or choose not to calculate bookings at all, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider bookings along with other financial performance measures, including total revenues, subscription revenue, deferred subscription revenue, net loss and our financial results presented in accordance with GAAP.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is defined as net loss adjusted to exclude interest income (expense), net, depreciation and amortization expense, gain (loss) on change in fair value of derivative liabilities, loss on disposal of fixed assets and stock-based compensation expense.

We present Adjusted EBITDA because it is a key measure used by our management and Board of Directors to understand and evaluate our core operating performance and trends, to develop short- and long-term operational plans, and to allocate resources to expand our business. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of the cash operating income generated by our business. We believe that Adjusted EBITDA is useful to investors and others to understand and evaluate our operating results and it allows for a more meaningful comparison between our performance and that of competitors.

Limitations of Adjusted EBITDA

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider this performance measure in isolation from or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect cash capital expenditures for assets underlying depreciation and amortization expense that may need to be replaced or for new capital expenditures;
- Adjusted EBITDA does not reflect our working capital requirements;
- Adjusted EBITDA does not consider the potentially dilutive impact of stock-based compensation;
- Adjusted EBITDA does not reflect interest expense or interest payments on our outstanding indebtedness;
- Adjusted EBITDA does not reflect the change in fair value of warrants; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net loss and our other GAAP results. The following table presents a reconciliation of net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA for each of the periods indicated:

	Three Months Ended December 31,		For the Years Ended December 31,	
	2015	2014	2015	2014
Reconciliation of Net loss to Adjusted EBITDA:				
Net loss	$ (359,040)	$ (247,553)	$ (1,297,852)	$ (1,657,877)
Interest expense, net	437,954	15,763	1,538,320	30,900
Depreciation and amortization expense	35,578	51,534	167,161	181,675
Change in fair value of derivative liabilities	(360,000)	(70,275)	(1,640,000)	(117,125)
Loss on disposal of fixed assets	-	-	79,628	-
Stock-based compensation expense	336,700	251,500	1,086,430	1,040,585
Adjusted EBITDA	$ 91,192	$ 969	$ (66,313)	$ (521,842)

Results of Operations

The following table sets forth Consolidated Statements of Operations data for each of the periods indicated as a percentage of total revenues:

	Years Ended December 31,	
	2015	2014
Total revenue	100.0%	100.0%
Costs and expenses:		
Cost of revenue	14.2%	13.7%
Sales and marketing expense	45.0%	42.4%
Product development expense	17.5%	21.6%
General and administrative expense	34.9%	35.2%
Total costs and expenses	111.6%	112.9%
Loss from operations	(11.6)%	(12.9)%
Interest expense, net	(12.8)%	(0.2)%
Change in fair value of derivative liabilities	13.6%	0.9%
Total other income	(10.8)%	(12.2)%
Net loss	(10.8)%	(12.2)%

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Revenues decreased to $12,021,030 for the year ended December 31, 2015, from $13,558,690 for the year ended December 31, 2014. The decrease is mainly driven by a decrease in subscription revenue primarily as a result of a decreased number of new international transactions and a decrease in the number of active subscribers.

The following table sets forth our subscription revenue, advertising revenue and total revenues for the year ended December 31, 2015 and the year ended December 31, 2014, the decrease between those periods, the percentage decrease between those periods, and the percentage of total revenue that each represented for those periods:

	Years Ended December 31,			%	% Revenue Years Ended December 31,	
	2015	2014	Decrease	Decrease	2015	2014
Subscription revenue	$ 11,568,273	$ 12,769,012	$ (1,200,739)	(9.4)%	96.2%	94.2%
Advertising revenue	452,757	789,678	(336,921)	(42.7)%	3.8%	5.8%
Total revenues	$ 12,021,030	$ 13,558,690	$ (1,537,660)	(11.3)%	100.0%	100.0%

Subscription - Our subscription revenue for the year ended December 31, 2015 decreased by $1,200,739, or 9.4%, as compared to the year ended December 31, 2014. This decrease in subscription revenue for the year ended December 31, 2015 was primarily due to a decrease in new transaction volume. This was driven in part by a decrease in sales and marketing expense of 5.7% in 2015 as compared to 2014. In addition, revenue was negatively affected by an effective decrease in foreign currency exchange of 13% in 2015 as compared to 2014. Bookings was $680 thousand lower based on weighted average 2015 currency exchange rates versus the amount that would have been generated using weighted average 2014 exchange rates, resulting in a decrease of 5.6%. Subscription revenue as a percentage of total revenue was 96.2% for the year ended December 31, 2015, as compared to 94.2% for the year ended December 31, 2014.

Advertising - Our advertising revenue for the year ended December 31, 2015 decreased by $336,921, or 42.7%, as compared to the year ended December 31, 2014. The decrease in advertising revenue primarily resulted from the termination of our Business Development Agreement with Match.com in August 2014, offset by revenue generated from arrangements with multiple advertising partners that we entered into during 2015. Advertising revenue as a percentage of total revenue was 3.8% for the year ended December 31, 2015, as compared to 5.8% for the year ended December 31, 2014.

Costs and Expenses

Total costs and expenses for the year ended December 31, 2015 reflect a decrease in costs and expenses of $1,882,230, or 12.3%, as compared to the year ended December 31, 2014. The following table presents our costs and expenses for the year ended December 31, 2015 and 2014, the increase or decrease between those periods and the percentage increase or decrease between those periods:

	Years Ended December 31,			%
	2015	2014	Decrease	Decrease
Cost of revenue	$ 1,702,321	$ 1,860,727	$ (158,406)	(8.5)%
Sales and marketing expense	5,414,563	5,742,935	(328,372)	(5.7)%
Product development expense	2,103,300	2,926,802	(823,502)	(28.1)%
General and administrative expense	4,200,378	4,772,328	(571,950)	(12.0)%
Total costs and expenses	$ 13,420,562	$ 15,302,792	$ (1,882,230)	(12.3)%

Cost of revenue - Our cost of revenue for the year ended December 31, 2015 decreased by $158,406, or 8.5%, as compared to the year ended December 31, 2014. The decrease in this expense for the year ended December 31, 2015 was primarily driven by reduced headcount and the capitalization of server equipment. Cost of revenue as a percentage of total revenues was 14.2% for the year ended December 31, 2015, as compared to 13.7% for the year ended December 31, 2014.

Sales and marketing expense - Our sales and marketing expense for the year ended December 31, 2015, decreased by $328,372, or 5.7%, as compared to the year ended December 31, 2014. The decrease in sales and marketing expense for the year ended December 31, 2015 was primarily driven by reduced headcount and lower volume of user acquisition campaigns as compared to the comparable period in 2014. Sales and marketing expense as a percentage of total revenues was 45.0% for the year ended December 31, 2015, as compared to 42.4% for the year ended December 31, 2014. For the year ended December 31, 2015, advertising expense for FirstMet and The Grade was $4,866,392 and $183,102, respectively. For the year ended December 31, 2014, advertising expense for FirstMet and The Grade was $5,143,795 and $14,208, respectively.

Product development expense - Our product development expense for the year ended December 31, 2015 decreased by $823,502, or 28.1%, as compared to the year ended December 31, 2015. The decrease in product development expense for the year ended December 31, 2015 was primarily due to reduced headcount. Product development expense as a percentage of total revenues were 17.5% for the year ended December 31, 2015, as compared to 21.6% for the year ended December 31, 2014.

General and administrative expense - Our general and administrative expense for the year ended December 31, 2015 decreased by $571,950, or 12.0%, as compared to the year ended December 31, 2014. The decrease in general and administrative expense for the year ended December 31, 2015 was primarily driven by lower fixed asset depreciation, a decrease in accounting and legal fees and reduced headcount. General and administrative expense as a percentage of total revenues was 34.9% for the year ended December 31, 2015, as compared to 35.2% for the year ended December 31, 2014.

Non-Operating Income

The following table presents the components of non-operating income for the year ended December 31, 2015 and the year ended December 31, 2014, the increase or decrease between those periods and the percentage increase or decrease between those periods:

	Years Ended December 31,			%
	2015	**2014**	**Increase**	**Increase**
Interest expense, net	$ (1,538,320)	$ (30,900)	$ 1,507,420	4,878.4%
Gain on change in fair value of derivative liabilities	1,640,000	117,125	1,522,875	1,300.2%
Total non-operating income	$ 101,680	$ 86,225	$ 15,455	17.9%

Interest expense, net

Interest expense, net for the year ended December 31, 2015 was $1,538,320, a net increase of $1,507,420, or 4,878.4%, as compared to $(30,900) for the year ended December 31, 2014. The interest expense represents the amortization of debt discount and debt issuance cost relating to the issuance of the Note, along with the contractual interest incurred on the Note. Interest expense, net represented (12.8)% and (0.2)% of total revenues for the year ended December 31, 2015 and 2014, respectively.

Change in fair value of derivative liabilities

Our derivative liability is marked-to-market in each reporting period, with changes in fair value reported in earnings. The marked-to-market gain of $1,640,000 for the year ended December 31, 2015 and $117,125 for the year ended December 31, 2014 represented the changes in fair value of the derivative liability during those periods. The gain on change in fair value of derivative liabilities represented 13.6% and 0.9% of total revenues for year ended December 31, 2015 and 2014, respectively.

Liquidity and Capital Resources

	Years Ended December 31,	
	2015	**2014**
Consolidated Statements of Cash Flows Data:		
Net cash used in operating activities	$ (1,211,919)	$ (167,574)
Net cash used in investing activities	(17,638)	(11,685)
Net cash provided by financing activities	2,222,434	390,292
Net increase in cash and cash equivalents	$ 992,877	$ 211,033

We have historically financed our operations through cash generated from debt and equity offerings, cash provided from operations and promissory notes from investors. We are continuously evaluating and implementing cost reduction initiatives to manage the expense of our operations, and our cost reduction initiatives in 2015 included reductions in our workforce and reductions in our sales and marketing expense.

A significant portion of our expenses are related to user acquisition costs. Our advertising and marketing expenses are primarily spent on channels where we can estimate the return on investment without long-term commitments. Accordingly, we can adjust our advertising and marketing expenditures quickly based on the expected return on investment, which provides flexibility and enables us to manage our advertising and marketing expense.

As of December 31, 2015, we had $2,131,262 in cash and cash equivalents, as compared to cash and cash equivalents of $1,138,385 as of December 31, 2014. Historically, our working capital has been generated through operations and equity offerings. If we grow and expand our operations, our need for working capital will increase. We intend to finance our business and growth with cash on hand, cash provided from operations, borrowings, debt or equity offerings, or some combination thereof.

We have also incurred debt as a means of generating liquidity. During the year ended December 31, 2015, we repaid in full two promissory notes in the aggregate principal amount of $400,000. As of December 31, 2015, the outstanding principal amount of our debt was $3,000,000, which consisted entirely of the Note, which is discussed in more detail below.

Sigma II Note

On February 13, 2015, we issued the Note in the aggregate principal amount of $3,000,000 to Sigma II in a private placement. The Note bears interest at a rate of 12% per annum and matures on the earlier of February 13, 2017 or a change in control. During any time while the Note is outstanding, the outstanding principal balance of the Note, together with all accrued and unpaid interest, is convertible into shares of our common stock at the option of Sigma II at a conversion price of $0.20 per share, subject to certain adjustments. The Note requires us to maintain an aggregate cash balance of $1,350,000 million in our bank accounts or we will be required to make partial prepayments on the Note. If we fail to maintain this aggregate cash balance in our bank accounts for a thirty day period, we are required to make a $125,000 prepayment on the Note. For each subsequent calendar month that the aggregate cash balance in our bank accounts does not equal or exceed $1,500,000 million, we must make an additional $125,000 prepayment on the Note. Our obligations under the Note are secured by a first priority lien on all of our assets and property. The Note is secured by up to 65% of the outstanding capital stock and other equity interests of Snap Mobile Limited, our wholly owned subsidiary. Snap Mobile Limited is also a guarantor of the Note. We have and will continue to use the proceeds from the private placement for general corporate purposes, including working capital. Contractual interest expense under the Note incurred for the year ended December 31, 2015 was $316,000.

Our ability to continue to meet our obligations and make payments on the Note is dependent upon establishing consistently profitable operations, which may be supplemented by raising additional funds through public or private financings. Although we currently believe that we have sufficient resources to make our required payments on the Note throughout 2016, we believe that we will need to raise additional capital in the future to fund our operations and repay the Note when it becomes due on February 13, 2017. If we are unable to raise additional capital, we may need to restructure or refinance the Note, and we may not be able to complete such restructuring or refinancing on terms that are acceptable to us or at all. If we cannot make scheduled payments on the Note or repay the Note when it becomes due, we will be in default and Sigma II could declare all outstanding principal and interest on the Note to be immediately due and payable and could foreclose against the assets securing the Note, which could force us into bankruptcy or liquidation.

Going Concern

Our financial statements for the year ended December 31, 2015 indicate there is substantial doubt about our ability to continue as a going concern as we require additional equity and/or debt financing to continue our operations. We must ultimately generate sufficient cash flow to meet our obligations on a timely basis, repay the Note which is due on February 13, 2017, attain profitability in our business operations and be able to fund our long term business development and growth plans. Our business will require significant amounts of capital to sustain operations and make the investments we need to execute our longer-term business plan. Our liquidity and capital resources have decreased as a result of the net operating loss of $1.2 million that we incurred during the year ended December 31, 2015. On December 31, 2015, our accumulated deficit amounted to $14.7 million.

Operating Activities

Net cash used in operating activities was $1,211,919 for the year ended December 31, 2015, as compared to net cash used in operating activities of $167,574 for the year ended December 31, 2014. This increase in net cash used in operating activities of $1,044,345 was a result of a decrease in our payables and accrued expenses mainly driven by the one-time repayment of the advance under our Acquisition Agreement with Zoosk, an increase of security deposit expenses in connection with the relocation of our corporate office and a decrease in deferred revenue. Other items impacting our cash flow were significant cash outlays relating to advertising and marketing expenses which were offset in part by collections in subscription revenue received during the period.

Significant items impacting cash flow in the year ended December 31, 2015 included significant cash outlays relating to advertising and marketing expense. These uses of cash were offset in part by collections in subscription revenue received during the period.

Investing Activities

Cash used in investing activities for the year ended December 31, 2015 and 2014 was $17,638 and $11,685, respectively. Cash used in investing activities included purchases of property and equipment totaling $77,283 and $3,731 during the year ended December 31, 2015 and 2014, respectively. These purchases consisted primarily of computers and office furniture. The increase in 2015 was due to the purchasing of fixed assets resulting from the relocation of the Company's headquarters. Purchases of property and equipment may vary from period to period due to the timing of the expansion of our operations and software development.

Financing Activities

Cash provided by financing activities for the year ended December 31, 2015 and 2014 was $2,222,434 and $390,292, respectively.

The increase relates to the issuance of the Note in the aggregate principal amount of $3,000,000 to Sigma II during the year ended December 31, 2015, which was partially offset by the repayment of two promissory notes in the aggregate principal amount of $400,000 and payments for our capital lease obligations.

Contractual Obligations and Commitments

In October 2014, two HP lease agreements were canceled due to price negotiations and we entered into two new three-year capital lease agreements with HP for equipment and certain financed items. In December 2014, the Company canceled its remaining operating lease agreements and entered into two additional three-year capital lease commitments with HP. We recognize these leases on our Consolidated Balance Sheet under capitalized lease obligations.

On February 4, 2015, the Company entered into a lease for office space located at 320 W 37th Street, 13th Floor, New York, NY 10018 and paid a security deposit in the amount of $200,659. The term of the lease runs until March 4, 2022. The Company's monthly office rent payments under the lease are currently approximately $26,000 per month and escalate on an annual basis for each year of the term of the lease thereafter.

On December 31, 2015, our contractual obligations and commitments were as follows :

Year	Amount
2016	399,449
2017	398,996
2018	343,311
2019	356,813
2020 and thereafter	809,458
Total	$ 2,308,027

Off-Balance Sheet Arrangements

As of December 31, 2015, we did not have any off-balance sheet arrangements.

Recently Adopted Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-03 ("ASU 2015-03"), *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This standard amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual and interim reporting periods beginning after December 15, 2015, but early adoption is permitted. We have elected to early-adopt ASU 2015-03 and, as a result, recorded the $314,249 of offering costs incurred in connection with the issuance of the Note as a debt discount on the date the Note was issued that will be amortized over the term of the Note.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to continue as a Going Concern, which is included in Accounting Standards Codification 205, Presentation of Financial Statements. This update provides an explicit requirement for management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. The amendments are effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The Company has not yet determined the effect of the adoption of this standard and it is expected to have a material impact on the Company's financial position and results of operations.

In February 2016, the FASB issued ASU No. 2016-02, Leases ("ASU 2016-02"), which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective beginning in the first quarter of 2019. Early adoption of ASU 2016-02 is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is currently evaluating the impact of adopting ASU 2016-02 on our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8.FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Snap Interactive, Inc.

We have audited the accompanying consolidated balance sheet of Snap Interactive, Inc. and Subsidiary (the “Company”) as of December 31, 2015, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the year 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 audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Snap Interactive Inc. and Subsidiary as of December 31, 2015 and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully discussed in Note 2, the Company has incurred net losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Marcum LLP

Marcum LLP
New York, NY
March 14, 2016

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Snap Interactive, Inc.

We have audited the accompanying consolidated balance sheet of Snap Interactive, Inc. (the "Company") as of December 31, 2014 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2014. 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 audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Snap Interactive, Inc. at December 31, 2014, and the consolidated results of its operations and its cash flows for the year ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

New York, NY
March 5, 2015

SNAP INTERACTIVE, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 2,131,262	$ 1,138,385
Credit card holdback receivable	165,853	648,759
Accounts receivable, net of allowances and reserves of $55,468 and $42,533, respectively	206,547	221,128
Short term security deposits	-	115,104
Prepaid expense and other current assets	108,871	93,542
Total current assets	2,612,533	2,216,918
Fixed assets and intangible assets, net	387,617	563,123
Notes receivable	81,123	78,520
Long term security deposits	279,410	135,000
Investments	200,000	200,000
Total assets	$ 3,560,683	$ 3,193,561
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 1,065,662	$ 1,074,345
Accrued expenses and other current liabilities	367,018	1,062,836
Notes payable	-	400,000
Deferred subscription revenue	1,505,862	1,952,075
Deferred advertising revenue	-	13,427
Total current liabilities	2,938,542	4,502,683
Deferred rent, net of current portion	99,595	-
Convertible note payable, net of discount	1,636,585	-
Derivative liabilities	473,425	23,425
Capital lease obligations, net of current portion	75,560	149,055
Total liabilities	5,223,707	4,675,163
Commitments and Contingencies		
Stockholders' deficit:		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized, 50,017,826 and 49,507,826 shares issued, respectively, and 39,692,826 and 39,182,826 shares outstanding, respectively	39,693	39,183
Additional paid-in capital	12,974,409	11,858,489
Accumulated deficit	(14,677,126)	(13,379,274)
Total stockholders' deficit	(1,663,024)	(1,481,602)
Total liabilities and stockholders' deficit	$ 3,560,683	$ 3,193,561

The accompanying notes are an integral part of these consolidated financial statements.

SNAP INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2015	**2014**
Revenues:		
Subscription revenue	$ 11,568,273	$ 12,769,012
Advertising revenue	452,757	789,678
Total revenue	12,021,030	13,558,690
Costs and expenses:		
Cost of revenue	1,702,321	1,860,727
Sales and marketing expense	5,414,563	5,742,935
Product development expense	2,103,300	2,926,802
General and administrative expense	4,200,378	4,772,328
Total operating costs and expenses	13,420,562	15,302,792
Loss from Operations	(1,399,532)	(1,744,102)
Interest expense, net	(1,538,320)	(30,900)
Change in fair value of derivative liabilities	1,640,000	117,125
Net loss	$ (1,297,852)	$ (1,657,877)
Loss per share of common stock:		
Basic and diluted	$ (0.03)	$ (0.04)
Weighted average number of common shares used in calculating net loss per share of common stock:		
Basic and diluted	39,627,264	39,169,196

The accompanying notes are an integral part of these consolidated financial statements.

SNAP INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount			
Balance on January 1, 2014	39,132,826	$ 39,133	$ 10,813,205	$ (11,721,397)	$ (869,059)
Common stock issued for consulting services	50,000	50	(50)	-	-
Stock-based compensation expense for restricted stock awards	-	-	899,856	-	899,856
Stock-based compensation expense for stock options	-	-	140,728	-	140,728
Warrants issued for debt issuance cost	-	-	4,750	-	4,750
Net loss	-	-	-	(1,657,877)	(1,657,877)
Balance on December 31, 2014	39,182,826	$ 39,183	$ 11,858,489	$ (13,379,274)	$ (1,481,602)
Common stock issued in connection with Securities Purchase Agreement	350,000	350	(350)	-	-
Common stock issued in connection with Advisory Services Agreement	150,000	150	29,850	-	30,000
Stock-based compensation expense for restricted stock awards and shares issued for consulting services	10,000	10	880,819	-	880,829
Stock-based compensation expense for stock options	-	-	205,601	-	205,601
Net loss	-	-	-	(1,297,852)	(1,297,852)
Balance on December 31, 2015	39,692,826	$ 39,693	$ 12,974,409	$ (14,677,126)	$ (1,663,024)

The accompanying notes are an integral part of these consolidated financial statements.

SNAP INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2015	**2014**
Cash flows from operating activities:		
Net loss	$ (1,297,852)	$ (1,657,877)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	167,161	181,675
Lease obligation interest expense	-	3,473
Stock-based compensation expense	1,086,430	1,040,585
Loss on disposal of fixed assets	79,628	-
Amortization of debt issuance cost	139,406	3,958
Amortization of debt discount	932,219	-
Change in fair value of derivative liabilities	(1,640,000)	(117,125)
Changes in operating assets and liabilities:		
Restricted cash	-	490,315
Credit card holdback receivable	482,906	(416,495)
Accounts receivable	14,581	164,242
Security deposits	(85,554)	(250,104)
Prepaid expenses and other current assets	(16,120)	22,113
Accounts payable, accrued expenses and other current liabilities	(703,802)	567,579
Deferred rent	88,718	(38,644)
Deferred subscription revenue	(446,213)	125,304
Deferred advertising revenue	(13,427)	(286,573)
Net cash used in operating activities	(1,211,919)	(167,574)
Cash flows from investing activities:		
Purchase of property and equipment	(77,283)	(3,731)
Proceeds from sale of fixed assets	6,000	-
Security deposits for property and equipment	56,248	-
Purchase of non-marketable equity securities	-	(100,000)
Repayment (issuance) to employees of note receivable and accrued interest	(2,603)	92,046
Net cash used in investing activities	(17,638)	(11,685)
Cash flows from financing activities:		
Payments of capital lease obligations	(63,317)	(9,708)
Repayment of promissory notes	(400,000)	-
Payment of financing costs	(314,249)	-
Proceeds from issuance of convertible promissory note	3,000,000	400,000
Net cash provided by financing activities	2,222,434	390,292
Net increase in cash and cash equivalents	992,877	211,033
Balance of cash and cash equivalents at beginning of year	1,138,385	927,352
Balance of cash and cash equivalents at end of year	$ 2,131,262	$ 1,138,385
Supplemental disclosure of cash flow information:		
Cash paid in interest	$ 316,000	$ -
Cash paid in taxes	$ -	$ -
Non-cash investing and financing activities:		
Compound embedded derivative under the Note and Securities Purchase Agreement recorded as derivative liabilities (See Note 6)	$ 1,748,000	$ -
Warrants issued under the Advisory Services Agreement as additional consideration for the Note and recorded as derivative liabilities (See Note 6)	$ 342,000	$ -
Warrants issued for debt issuance costs	$ -	$ 4,750
Common stock issued under the Advisory Services Agreement as additional consideration for the Note	$ 30,000	$ -
Equipment acquired under capital lease obligations	$ -	$ 218,605

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Description of Business

Snap Interactive, Inc. (together with its wholly owned subsidiary, Snap Mobile Limited, the "Company") was incorporated under the laws of the State of Delaware on July 19, 2005. Snap Mobile Limited is a United Kingdom corporation, and was incorporated on September 10, 2009.

The Company operates a portfolio of two dating applications, FirstMet, available through desktop and mobile platforms, and The Grade, which is available through iOS and Android platforms. In March 2016, we completed a rebranding of our dating application "Are You Interested?" ("AYI") under the name FirstMet.

2. Going Concern and Management's Plans

The Company reported a loss of $1.3 million for the year ended December 31, 2015. On December 31, 2015, the Company's accumulated deficit amounted to $14.7 million. The Company's convertible note payable with a principal amount outstanding of $3 million matures on February 13, 2017. These matters raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs to raise additional capital in order to sustain its operations while continuing the longer term efforts contemplated under its business plan. The Company cannot provide any assurance that it will raise additional capital. Management believes that the Company has access to capital resources through possible public or private equity offerings, debt financings, corporate collaborations or other means; however, the Company has not secured any commitment for new financing at this time nor can it provide any assurance that new financing will be available on commercially acceptable terms, if at all. If the Company is unable to secure additional capital, it may be required to take additional measures to reduce costs in order to conserve its cash in amounts sufficient to sustain operations and meet its obligations. The accompanying financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, were prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"). All intercompany balances and transactions have been eliminated upon consolidation.

Significant Estimates and Judgments

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates relied upon in preparing these financial statements include the provision for future credit card chargebacks and subscription revenue refunds, estimates used to determine the fair value of our common stock, stock options, non-cash capital stock issuances, stock-based compensation, derivative instruments, debt discounts, conversion features and common stock warrants, collectability of our accounts receivable and the valuation allowance on deferred tax assets. Management evaluates these estimates on an ongoing basis. Changes in estimates are recorded in the period in which they become known. We base estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from our estimates.

Convertible Instruments

The Company evaluates and bifurcates conversion features from the instruments containing such features and accounts for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the underlying instrument, (b) the hybrid instrument that contains both the embedded derivative instrument and the underlying instrument is not re-measured at fair value under otherwise applicable GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the underlying instrument is deemed to be conventional as that term is described under applicable GAAP.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

The Company classifies common stock purchase warrants and other free standing derivative financial instruments as equity if the contracts (i) require physical settlement or net-share settlement in common stock or (ii) give the Company a choice of net-cash settlement or settlement in common stock (physical settlement or net-share settlement). The Company classifies the following contracts as either an asset or a liability: contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (ii) give the counterparty a choice of net-cash settlement or settlement in common stock (physical settlement or net-share settlement) or (iii) contain reset provisions. The Company assesses classification of its freestanding derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required. The Company determined that certain freestanding derivatives, including the conversion feature embedded in the 12% Senior Secured Convertible Note (the "Note") and warrants issued under the Securities Purchase Agreement (the "Securities Purchase Agreement"), dated as of February 13, 2015, by and between the Company and Sigma Opportunity Fund II, LLC ("Sigma II"), contained various price and interest rate reset provisions and have been classified as derivative liabilities as more fully described in Note 5.

Revenue Recognition

The Company recognizes revenue on arrangements in accordance with Accounting Standards Codification ("ASC") No. 605, *Revenue Recognition.* In all cases, revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability is reasonably assured.

The Company has revenue streams consisting of subscriptions and advertisements. The Company recognizes revenue from monthly premium subscription fees beginning in the month in which the services are provided. Revenues are presented net of refunds, credits, and known and estimated credit card chargebacks. During 2014 and 2015, subscriptions were offered in durations of one-, three-, six- and twelve-month terms. Longer-term plans (those with durations longer than one month) are generally available at discounted monthly rates. All subscription fees, however, are collected at the time of purchase regardless of the length of the subscription term. Revenues from multi-month subscriptions are recognized over the length of the subscription term. The difference between the gross cash receipts collected and the revenue recognized from those sales during that reporting period will appear as deferred revenue.

The Company's payment processors have established routine reserve accounts to secure the performance of the Company's obligations under its service agreements, which is standard practice within the payment processing industry. These reserve accounts withhold a small percentage of the Company's sales in a segregated account in the form of a six-month rolling reserve. The funds that are withheld each month are returned to the Company on a monthly basis after six months of being held in the reserve account and any remaining funds will be returned to the Company 90 to 180 days following termination of such agreements. These funds are classified as credit card holdback receivables and totaled $165,853 and $648,759 on December 31, 2015 and December 31, 2014, respectively.

We generate advertising revenue from advertising agreements with third parties. We recognize advertising revenue from these agreements ratably over the term of the agreement.

Cost of revenue

Cost of revenue consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in data center and customer care functions, credit card processing fees, hosting fees, and data center rent and bandwidth costs.

Sales and marketing

Sales and marketing expense consists primarily of advertising expenditures and compensation (including stock-based compensation) and other employee-related costs for personnel engaged in sales, and sales support functions. Sales and marketing spend includes online marketing, including fees paid to search engines, and offline marketing, which is primarily partner-related payments to those who direct traffic to our brands. Total advertising expense for the year ended December 31, 2015 was $5,049,494, as compared to $5,158,003 for the year ended December 31, 2014.

For the year ended December 31, 2015, advertising expense for FirstMet and The Grade was $4,866,392 and $183,102, respectively. For the year ended December 31, 2014, advertising expense for FirstMet and The Grade was $5,143,795 and $14,208, respectively.

Product development

Product development expense consists primarily of compensation (including stock-based compensation) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology.

The Company has adopted the provisions of ASC No. 350, *Intangibles – Goodwill & Other*. Costs incurred in the planning stage of a website are expensed as research and development expenses while costs incurred in the development stage are capitalized and amortized over the life of the asset, estimated to be three years. The Company did not capitalize any research and development expenses during the years ended December 31, 2015 and 2014.

General and administrative

General and administrative expense consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in executive management, finance, legal, tax, human resources, and facilities costs and fees for professional services. General and administrative also includes depreciation of fixed assets such as computers, and furniture and fixtures.

Business Segments

The Company operates in one reportable segment, and management assesses the Company's financial performance and makes operating decisions based on a single operating unit.

Income Taxes

The Company accounts for income taxes using the asset and liability method prescribed by ASC No. 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as net operating loss and tax credit carry forwards. Deferred taxes are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in results of operations in the period that includes the enactment date.

Each reporting period, the Company assesses whether its deferred tax assets are more-likely-than-not realizable, in determining whether it is necessary to record a valuation allowance. This includes evaluating both positive (e.g., sources of taxable income) and negative (e.g., recent historical losses) evidence that could impact the realizability of the Company's deferred tax assets.

The Company recognizes the impact of an uncertain tax position in its financial statements if, in management's judgment, the position is more-likely-than-not sustainable upon audit based on the position's technical merits. This involves the identification of potential uncertain tax positions, the evaluation of applicable tax laws and an assessment of whether a liability for uncertain tax positions is necessary. Different conclusions reached in this assessment can have a material impact on our consolidated financial statements. Currently, the Company has no uncertain tax positions. The Company includes interest and penalties as a component of income tax on the consolidated statements of operations and had no interest or penalties for 2015 or 2014.

Stock-Based Compensation

In accordance with ASC No. 718, *Compensation – Stock Compensation* (“ASC 718”), the Company measures the compensation costs of stock-based compensation arrangements based on the grant date fair value of granted instruments and recognizes the costs in the financial statements over the period during which employees are required to provide services. Stock-based compensation arrangements include stock options and restricted stock awards.

Equity instruments (“instruments”) issued to non-employees are recorded on the basis of the fair value of the instruments, as required by ASC 718. ASC No. 505, *Equity Based Payments to Non-Employees* (“ASC 505”), defines the measurement date and recognition period for such instruments. In general, the measurement date is (a) when a performance commitment, as defined, is reached or (b) when the earlier of (i) the non-employee performance is complete and (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in ASC 505.

The fair value of each option granted under the Company's Amended and Restated 2011 Long-Term Incentive Plan (the “Plan”) was estimated using the Black-Scholes option-pricing model (see Note 13 for further details). Using this model, fair value is calculated based on assumptions with respect to the (i) expected volatility of the Company's common stock price, (ii) expected life of the award, which for options is the period of time over which employees and non-employees are expected to hold their options prior to exercise, (iii) expected dividend yield on the Company's common stock, and (iv) a risk-free interest rate, which is based on quoted U.S. Treasury rates for securities with maturities approximating the expected term. Expected volatility is estimated based on the Company's historical volatilities. The expected life of options has been determined using the "simplified" method as prescribed by Staff Accounting Bulletin (“SAB”) No. 110, an amendment to SAB No. 107, which uses the midpoint between the vesting date and the end of the contractual term. The expected dividend yield is zero as the Company has never paid dividends and does not currently anticipate paying dividends in the foreseeable future.

Net Loss Per Share

Basic net loss per common share is determined using the two-class method and is computed by dividing net loss by the weighted-average number of common shares outstanding during the period as defined by ASC No. 260, *Earnings Per Share*. The two-class method is an earnings allocation formula that determines income (loss) per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. The two-class method treats a participating security as having rights to earnings that otherwise would have been available to common shareholders. According to the contractual terms of participating securities, such securities do not participate in losses.

Diluted net loss per common share reflects the more dilutive earnings per share amount calculated using the treasury stock method or the two-class method, taking into account any potentially dilutive shares outstanding during the period. Potentially dilutive shares consist of shares issuable upon the exercise of stock options and unvested shares of restricted common stock (using the treasury stock method). To the extent stock options, stock equivalents and warrants are antidilutive, they are excluded from the calculation of diluted income per share.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents consist of cash on deposit with banks and money market funds. The Company maintains cash in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and periodically evaluates the credit worthiness of the financial institutions and has determined the credit exposure to be negligible.

Investments

The Company follows ASC 325-20, Cost Method Investments ("ASC 325-20"), to account for its ownership interest in noncontrolled entities. Under ASC 325-20, equity securities that do not have readily determinable fair values (i.e., non-marketable equity securities) and are not required to be accounted for under the equity method are typically carried at cost (i.e., cost method investments). Investments of this nature are initially recorded at cost. Income is recorded for dividends received that are distributed from net accumulated earnings of the noncontrolled entity subsequent to the date of investment. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions in the cost of the investment. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred.

Reclassification

Certain prior period amounts have been reclassified for comparative purposes to conform to the fiscal 2015 presentation. These reclassifications have no impact on the previously reported net loss.

Fair Value of Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, credit card holdback receivable, prepaid expenses, accounts payable, accrued expenses and deferred revenue, approximate fair value due to the short-term nature of these instruments.

Receivables

On December 31, 2015, the Company had accounts receivable from payment processors in the amount of $262,015, as compared to $263,661 on December 31, 2014. The settlement of credit card sales by payment processors typically occurs several days after the date of the charge, and we generally receive payments from mobile payment processors and advertising networks on a monthly basis.

The Company has an additional reserve for potential credit card chargebacks based on historical experience and knowledge of the industry. The Company reserved $55,468 and $42,533 for potential future credit card chargebacks as of December 31, 2015 and 2014, respectively.

Furniture, Fixtures and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

Computers and office equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of estimated useful life or remaining lease term

Repairs and maintenance costs are expensed as incurred.

The Company's long-lived assets primarily consist of computer and office equipment and software, furniture and fixtures and leasehold improvements, which are subject to depreciation over the useful life of the asset. Long-lived assets are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying value of the asset may be impaired. In evaluating an asset for recoverability, the Company estimates the future cash flow expected to result from the use of the asset and eventual disposition. If the expected future undiscounted cash flow is less than the carrying amount of the asset, an impairment loss, equal to the excess of the carrying amount over the fair value of the asset, is recognized. No impairments were recorded on long-lived assets for the periods presented in these consolidated financial statements.

Intangible Assets, Net

The Company's intangible assets, net represents definite-lived intangible assets, which are being amortized on a straight-line basis over their estimated useful lives as follows:

Software and website costs	3 years
AYI.com domain name	15 years
FirstMet.com domain name	15 years

No impairments were recorded on intangible assets and no impairment indicators were noted for the periods presented in these consolidated financial statements.

Recently Adopted Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-03 ("ASU 2015-03"), *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This standard amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual and interim reporting periods beginning after December 15, 2015, but early adoption is permitted. We have elected to early-adopt ASU 2015-03 and, as a result, recorded the $314,249 of offering costs incurred in connection with the issuance of the Note as a debt discount on the date the Note was issued that will be amortized over the term of the Note.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to continue as a Going Concern, which is included in Accounting Standards Codification 205, Presentation of Financial Statements. This update provides an explicit requirement for management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. The amendments are effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The Company has not yet determined the effect of the adoption of this standard and it is expected to have a material impact on the Company's financial position and results of operations.

In February 2016, the FASB issued ASU No. 2016-02, Leases ("ASU 2016-02"), which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective beginning in the first quarter of 2019. Early adoption of ASU 2016-02 is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is currently evaluating the impact of adopting ASU 2016-02 on our consolidated financial statements.

4. Accounts Receivable, Net

Accounts receivable, net consisted of the following as of December 31, 2015 and December 31, 2014:

	December 31, 2015	December 31, 2014
Accounts receivable	$ 262,015	$ 263,661
Less: reserve for future chargebacks	(55,468)	(42,533)
Total accounts receivable, net	$ 206,547	$ 221,128

Credit card payments for subscriptions and micro-transactions typically settle several days after the date of purchase. The amount of unsettled transactions due from credit card payment processors as reported under accounts receivable on the Company's Consolidated Balance Sheet was $147,582 as of December 31, 2015, as compared to $135,535 as of December 31, 2014. The amount of accounts receivable due from Apple Inc. was $76,074, or 36.8% of the Company's accounts receivable, as of December 31, 2015, compared to $116,427, or 52.6% of the Company's accounts receivable, as of December 31, 2014.

5. Security Deposits

In October 2014, the Company issued a $135,000 security deposit which replaced the previous letter of credit as part of the new capital lease obligations for equipment with Hewlett Packard Financial Services Company ("HP"). In November 2015, HP returned $60,000 of the security deposit. The Company recorded $75,000 and $135,000 under long-term security deposits on its Consolidated Balance Sheet as of December 31, 2015 and December 31, 2014, respectively.

In February 2015, the Company issued $200,659 as a security deposit as part of a new office rent lease (see Note 14). The Company recorded the $200,659 under long-term security deposits on its Consolidated Balance Sheet as of December 31, 2015.

In November 2015, the Company issued $3,751 as a security deposit as part of the Company's new data center. The Company recorded the $3,751 under long-term security deposits on its Consolidated Balance Sheet as of December 31, 2015.

6. Fair Value Measurements

The fair value framework under the FASB's guidance requires the categorization of assets and liabilities into three levels based upon the assumptions used to measure the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, would generally require significant management judgment. The three levels for categorizing assets and liabilities under the fair value measurement requirements are as follows:

- Level 1: Fair value measurement of the asset or liability using observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value measurement of the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and
- Level 3: Fair value measurement of the asset or liability using unobservable inputs that reflect the Company's own assumptions regarding the applicable asset or liability.

The following table summarizes the liabilities measured at fair value on a recurring basis as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Warrant liabilities	$ -	$ -	$ 273,425	$ 273,425
Compound embedded derivative	-	-	200,000	200,000
Total derivative liabilities	$ -	$ -	$ 473,425	$ 473,425

The following table summarizes the liabilities measured at fair value on a recurring basis as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Warrant liability	$ -	$ -	$ 23,425	$ 23,425
Total derivative liability	$ -	$ -	$ 23,425	$ 23,425

Level 3 liabilities are valued using unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the liabilities. For fair value measurements categorized within Level 3 of the fair value hierarchy, the Company's accounting and finance department, who report to the Chief Financial Officer, determine its valuation policies and procedures. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's accounting and finance department and are approved by the Chief Financial Officer.

Level 3 Valuation Techniques:

Level 3 financial liabilities consist of the derivative liabilities for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate.

The Company deems financial instruments which do not have fixed settlement provisions to be derivative instruments. The common stock purchase warrants and the conversion feature embedded in the Note do not have fixed settlement provisions because their exercise prices may be lowered if the Company issues securities at a lower price in the future. In addition, the Company issued warrants to purchase common stock in January 2011 in conjunction with an equity financing. In accordance with ASC Topic 480, *Distinguishing Liabilities from Equity*, the fair value of these warrants is classified as a liability on the Company's Consolidated Balance Sheets because, according to the terms of the warrants, a fundamental transaction could give rise to an obligation of the Company to pay cash to its warrant holders. In addition, the Company entered into an Advisory Services Agreement (the "Advisory Agreement"), dated as of February 13, 2015, by and between the Company and Sigma Capital Advisors, LLC ("Sigma"), that contains certain provisions whereby the Company will be required to make certain make-whole cash payments to the holder of the Note payable upon the occurrence of certain future events, as more fully described in Note 10. Such instruments do not have fixed settlement provisions and have also been recorded as derivative liabilities. Corresponding changes in the fair value of the derivative liabilities are recognized in earnings on the Company's Consolidated Statements of Operations in each subsequent period.

The Company's derivative liabilities are carried at fair value and were classified as Level 3 in the fair value hierarchy due to the use of significant unobservable inputs. In order to calculate fair value, the Company uses a custom model developed with the assistance of an independent third-party valuation expert. This model calculates the fair value of the warrant derivative liabilities at each measurement date using a Monte-Carlo style simulation, as the value of certain features of the warrant derivative liabilities would not be captured by the standard Black-Scholes model. A significant increase in the volatility and/or stock price of the Company would, in isolation, result in significantly higher fair value.

The following table summarizes the values of certain assumptions used by the Company to estimate the fair value of the warrant liabilities as of December 31, 2015 and December 31, 2014:

	December 31, 2015	December 31, 2014
Stock price	$ 0.08	$ 0.20
Weighted average strike price	$ 0.64	$ 2.50
Remaining contractual term (years)	4.12	1.1
Volatility	95.0%	125.7%
Risk-free rate	1.54%	0.3%
Dividend yield	0.0%	0.0%

The following table summarizes the values of certain assumptions used by the Company to estimate the fair value of the compound embedded derivative as of December 31, 2015:

	December 31, 2015
Stock price	$ 0.08
Strike price	$ 0.20
Remaining contractual term (years)	1.12
Volatility	95.0%
Risk-free rate	0.7%
Dividend yield	0.0%

The following table sets forth a summary of the changes in the fair value of our Level 3 financial liabilities that are measured at fair value on a recurring basis:

	Years Ended December 31,	
	2015	2014
Beginning balance	$ 23,425	$ 140,550
Fair value of derivatives issued	2,090,000	-
Change in fair value of derivative liabilities	(1,640,000)	(117,125)
Ending balance	$ 473,425	$ 23,425

7. Cost-Method Investment

On January 31, 2013, the Company entered into a subscription agreement with Darrell Lerner and DCL Ventures, Inc. ("DCL") in connection with Mr. Lerner's separation from the Company. Pursuant to this agreement, the Company has made multiple investments in DCL by purchasing (i) 50,000 shares of DCL's common stock for an aggregate purchase price of $50,000 in April 2013, (ii) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in July 2013, (iii) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in October 2013, (iv) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in January 2014, (v) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in April 2014, (vi) 25,000 shares of DCL's common stock for an aggregate price of $25,000 in July 2014 and (vii) 25,000 shares of DCL's common stock for an aggregate price of $25,000 in September 2014. These nonmarketable securities have been recorded in "Investments" on the Company's Consolidated Balance Sheet measured on a cost basis.

As of December 31, 2015, the aggregate carrying amount of the Company's cost-method investment in DCL, which was a non-controlled related party entity, was $200,000. The Company assesses all cost-method investments for impairment quarterly. No impairment loss was recorded during the year ended December 31, 2015. The Company does not reassess the fair value of cost-method investments if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investments (See Note 16).

8. Fixed Assets and Intangible Assets, Net

Fixed assets and intangible assets, net consisted of the following on December 31, 2015 and December 31, 2014:

	December 31, 2015	December 31, 2014
Computer equipment	$ 260,355	$ 256,610
Furniture and fixtures	98,160	142,856
Leasehold improvements	21,026	382,376
Software	10,968	10,968
Website domain name	139,025	124,938
Website costs	40,500	40,500
Equipment under capital leases	218,605	218,605
Total fixed assets and intangible assets	788,639	1,176,853
Less: Accumulated depreciation and amortization	(401,022)	(613,730)
Total fixed assets and intangible assets, net	$ 387,617	$ 563,123

Depreciation and amortization expense for the year ended December 31, 2015 was $167,161, as compared to $181,675 for the year ended December 31, 2014. The Company only holds fixed assets in the United States.

As of December 31, 2015 and 2014, the Company held equipment under capital leases in the gross amount of $218,605 net of accumulated amortization of $80,647 and $7,779, respectively. Amortization expense for the capital leases for the year ended December 31, 2015 was $72,868, as compared to $7,779 for the year ended December 31, 2014.

During March 2015, the Company disposed of fixed assets, primarily consisting of leasehold improvements and furniture and fixtures, in connection with the relocation of the Company's corporate headquarters. The net loss on the disposal of the fixed assets for the year ended December 31, 2015 was $79,628.

Amortization expense to be recorded as it relates solely to the Company's intangible assets as of December 31, 2015 is approximately $8,390 per year through 2024.

9. Notes Receivable

As of December 31, 2015, the Company had notes receivable due in the aggregate amount of $81,123 from two former employees. The employees issued the notes to the Company since the Company paid taxes for stock-based compensation on these employees' behalf in 2011 and 2012. The outstanding amounts under the notes are secured by pledged stock certificates and are due at various times during 2021-2023. Interest accrues on these notes at rates ranging from 2.80% to 3.57% per annum.

10. Income Taxes

The income tax provision (benefit) consists of the following:

	For The Years Ended December 31,	
	2015	2014
Federal:		
Current	$ -	$ -
Deferred	(434,364)	(588,940)
State and local:		
Current	-	-
Deferred	(22,664)	(5,949)
	(457,028)	(594,889)
Change in valuation allowance	457,028	594,889
Income tax provision (benefit)	$ -	$ -

Significant components of the Company's deferred tax assets and liabilities are as follows:

	Years Ended December 31,	
	2015	2014
Deferred Tax Liability:		
Furniture, fixtures, equipment and intangibles	$ (18,784)	$ (32,089)
Other	-	(27,258)
Warrants	(1,055,849)	(1,039,489)
Debt discount	(424,920)	-
Deferred Tax Assets:		
Stock options for services	1,684,668	1,275,925
Net operating loss carry-forward	4,765,793	4,510,554
Derivative liabilities	171,716	-
Reserve for future charge backs and other	50,356	28,309
Valuation allowance	(5,172,980)	(4,715,952)
Net deferred tax assets (liabilities)	$ -	$ -

Due to uncertainties regarding benefits and utilization of the total deferred tax assets, a valuation allowance of $5,172,980 has been recorded. The valuation allowance was established to reduce the deferred tax asset to the amount that will more likely than not be realized. The valuation allowance on our total deferred asset increased by $457,028 from 2014 to 2015. On December 31, 2015, the Company had U.S. federal tax net operating loss (“NOL”) carry-forwards of $13,322,521, which will expire between 2030 and 2035.

The deferred tax liability results primarily from the use of accelerated methods of depreciation of equipment for tax purposes and the fluctuation of the fair market value of warrants.

A reconciliation from the federal income tax provision from continuing operations at the statutory rate to the effective rate is as follows:

	Years Ended December 31,	
	2015	2014
Federal income tax benefit at statutory rate	$ (441,270)	$ (580,257)
Increase (decrease) in income taxes resulting from:		
State and local income taxes	(22,667)	204,366
Change in deferred tax asset valuation allowance	457,028	367,359
Non-deductible expenses and other	6,909	8,532
Income Tax Expense	$ -	$ -

The Company files U.S. federal income tax returns, as well as income tax returns for New York State, and New York City. The following years remain open for possible examination: 2009 through 2014.

11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following on December 31, 2015 and December 31, 2014:

	December 31, 2015	December 31, 2014
Compensation and benefits	$ 176,410	$ 360,515
Deferred rent	-	10,877
Professional fees	102,200	254,807
Repayment of advertising agreement advance	-	329,165
Other accrued expenses	88,408	107,472
Total accrued expenses and other current liabilities	$ 367,018	$ 1,062,836

12. Notes and Convertible Note Payable

Notes Payable

On April 24, 2014, the Company issued a promissory note in the amount of $300,000 to a related party, Clifford Lerner, President of The Grade and the Chairman of the Company's Board of Directors. The promissory note was originally due and payable on January 24, 2015, but was subsequently amended to extend its maturity for an additional nine months and was due and payable on October 24, 2015 and bore interest at the rate of nine percent (9%) per annum. On March 25, 2015, the promissory note was repaid in full. Interest expense for the year ended December 31, 2015 was $1,844, as compared to $18,516 for the year ended December 31, 2014.

On May 20, 2014, the Company issued a promissory note in the amount of $100,000 and a warrant to purchase 25,000 shares of its common stock to Thomas Carrella. The promissory note was due and payable on February 20, 2015 and bore interest at the rate of fifteen percent (15%) per annum. The Company calculated the fair value of the warrant using Black-Scholes option pricing model and recorded $4,750 of deferred financing costs related to the issuance of the warrant that were amortized over the term of the promissory note. On February 20, 2015, the promissory note was repaid in full. Interest expense for the year ended December 31, 2015 was $2,029, as compared to $9,221 for the year ended December 31, 2014.

Securities Purchase Agreement

On February 13, 2015, pursuant to the Securities Purchase Agreement, the Company closed a private placement of debt and equity securities for aggregate gross proceeds of $3,000,000. In connection with the Securities Purchase Agreement, the Company issued Sigma II (i) 350,000 shares of the Company's common stock, (ii) the Note in the aggregate principal amount of $3,000,000 and (iii) a warrant to purchase up to 10,500,000 shares of the Company's common stock. The Company incurred financing costs of $314,249 in connection with the Securities Purchase Agreement that will be amortized over the term of the Note. Amortization for the deferred financing cost was $138,614 for the year ended December 31, 2015.

The Note bears interest at a rate of 12% per annum and matures on the earlier of February 13, 2017 or a change in control. During any time while the Note is outstanding, the outstanding principal balance of the Note, together with all accrued and unpaid interest, is convertible into shares of the Company's common stock at the option of Sigma II at a conversion price of $0.20 per share, subject to certain adjustments, including reset adjustments to the conversion price if the Company issues securities at lower prices in the future, as disclosed in Note 5. The Company's obligations under the Note are secured by a first priority lien on all of its assets and property. The Note is also secured by up to 65% of the outstanding capital stock and other equity interests of Snap Mobile Limited, the Company's wholly owned subsidiary. Snap Mobile Limited is also a guarantor of the Note. An event of default under the Note includes, among other things, (i) the Company's failure to pay any amounts due and payable when and as required, (ii) failure of a representation or warranty made by the Company to be correct and accurate when made, (iii) the institution of bankruptcy or similar proceedings against the Company and (iv) the Company's inability to pay debts as they become due. The Note also requires the Company to maintain an aggregate cash balance of $1,350,000 in its bank accounts or it will be required to make partial prepayments on the Note. If the Company fails to maintain this aggregate cash balance in its bank accounts for a thirty day period, it is required to make a $125,000 prepayment on the Note. For each subsequent calendar month that the aggregate cash balance in the Company's bank accounts does not equal or exceed $1,500,000, the Company must make an additional $125,000 prepayment on the Note.

The Note contains a compound embedded derivative consisting of an embedded conversion feature and interest make-whole provisions and was accounted for as a derivative liability with an aggregate fair value of $950,000. In addition, the fair value of the warrants was $798,000 and was also required to be accounted for as a derivative liability. Both instruments were also recorded as debt discounts on the date the Note was issued. The Company is amortizing the debt discount using the effective interest method over the life of the Note, which is two years. Contractual interest expense under the Note incurred for year ended December 31, 2015 was $316,000, respectively.

Simultaneously with the closing of the private placement, the Company entered into the Advisory Agreement with Sigma pursuant to which Sigma agreed to provide the Company with certain advisory and consulting services. In connection with the Advisory Agreement, the Company issued Sigma 150,000 shares of the Company's common stock and a warrant to purchase up to 4,500,000 shares of the Company's common stock. Both the shares of common stock and the warrant issued were fully vested and non-forfeitable on the date that the Advisory Agreement was entered into. Based on the terms of the Advisory Agreement and the criteria outlined in ASC 505-50, *Equity-Based Payments to Non-Employees*, the Company determined that the common stock and warrants issued were additional consideration provided to Sigma in connection with the issuance of the Note. As a result, the Company recorded the grant date fair value of the common stock and warrants of $30,000 and $342,000, respectively, as debt discounts on the accompanying Consolidated Balance Sheet.

In addition to the issuance of common stock and warrants under the Advisory Agreement, the Company also agreed to pay Sigma a monthly advisory fee of $10,000, up to an aggregate limit of $240,000, subject to certain exceptions, over the life of the Note (the "Cash Payment"). If the Company were to prepay the Note or the repayment of the Note was accelerated for certain reasons, the Company would still be required to remit either a portion or the full amount of the Cash Payment. The Company also agreed to pay Sigma a cash payment of $150,000 if the Company effectuates a dilutive issuance (as defined) while the Note is outstanding (the "Dilutive Cash Payment"). The Company determined that, based on the make-whole features associated with the Cash Payment and the contingent make-whole features associated with the Dilutive Cash Payment, that these payments are required to be treated as derivative instruments in accordance with ASC 815. The fair value of these instruments was included in the value of the compound embedded derivative discussed above.

Amortization expense relating to the aggregate debt discounts for the year ended December 31, 2015 was $932,219, which is included as interest expense on the accompanying Consolidated Statements of Operations. The effective interest rate under the Note for the year ended December 31, 2015 was 52%.

13. Stock-Based Compensation

The Snap Interactive, Inc. Amended and Restated 2011 Long-Term Incentive Plan (the "Plan") permits the Company to award stock options (both incentive stock options and non-qualified stock options), stock appreciation rights, restricted stock, restricted stock units, shares of performance stock, dividend equivalent rights, and other stock-based awards and cash-based incentive awards to its employees (including an employee who is also a director or officer under certain circumstances), non-employee directors and consultants. The maximum number of shares of common stock that may be issued pursuant to awards under the Plan is 7,500,000 shares, 100% of which may be issued pursuant to incentive stock options. As of December 31, 2015, there were 1,347,797 shares available for future issuance under the Plan.

Stock Options

The following table summarizes the assumptions used in the Black-Scholes pricing model to estimate the fair value of the options granted during the year ended December 31, 2015:

	Years Ended	
	December 31, 2015	December 31, 2014
Expected volatility	176.5%	199.8%
Expected life of option	5.80	6.23
Risk free interest rate	1.6%	1.9%
Expected dividend yield	0.0%	0.0%

The following table summarizes stock option activity for the year ended December 31, 2015:

	Number of Options	Weighted Average Exercise Price
Stock Options:		
Outstanding on January 1, 2015	3,808,253	$ 0.55
Granted	3,993,300	0.10
Expired or canceled	(1,080,000)	0.29
Forfeited	(544,350)	0.30
Outstanding on December 31, 2015	6,177,203	0.33
Exercisable on December 31, 2015	2,466,423	0.66

On October 13, 2015, the Company entered into an option cancellation and release agreement with three employees, pursuant to which each of the parties agreed to cancel outstanding options to purchase an aggregate of 1,040,000 shares of common stock of the Company at exercise prices ranging from $0.27 per share to $0.40 per share. In exchange for the cancellation of the options, the Company granted the employees replacement options to purchase an aggregate of 1,040,000 shares of common stock of the Company at an exercise price of $0.08 per share. The incremental expense for the exchange was $15,175, of which $5,038 is included in stock-based compensation for the year ended December 31, 2015.

On December 31, 2015, the aggregate intrinsic value of stock options that were outstanding and exercisable was $200 and $0, respectively. On December 31, 2014, the aggregate intrinsic value of stock options that were outstanding and exercisable was $0, respectively. The intrinsic value for stock options is calculated based on the exercise price of the underlying awards and the fair value of such awards as of the period-end date. The aggregate fair value for the options granted during the year ended December 31, 2015 was $322,639, as compared to $812,169 during the year ended December 31, 2014.

Stock-based compensation expense relating to stock options for year ended December 31, 2015 was $205,601, as compared to $140,728 for the year ended December 31, 2014. The Company estimates potential forfeitures of stock awards and adjusts recorded stock-based compensation expense accordingly. The estimate of forfeitures is adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures are recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of stock-based compensation expense that is recognized in future periods. The disclosure forfeiture rate for the year ended December 31, 2015 was 37.0%.

On December 31, 2015, there was $423,160 of total unrecognized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 6.08 years.

Restricted Stock Awards

The following table summarizes restricted stock award activity for the year ended December 31, 2015:

	Number of RSAs	Weighted Average Grant Date Fair Value
Restricted Stock Awards:		
Outstanding on January 1, 2015	10,325,000	$ 0.56
Vested	-	-
Forfeited, during the period	-	-
Outstanding on December 31, 2015	10,325,000	$ 0.56

On December 31, 2015, there was $2,550,209 of total unrecognized compensation expense related to unvested restricted stock awards, which is expected to be recognized over a weighted average period of 3.49 years.

Stock-based compensation expense relating to restricted stock awards for the year ended December 31, 2015 was $880,829, as compared to $899,856 for the year ended December 31, 2014.

Non-employee restricted stock award activity described below is also included in total restricted stock award activity summarized on the previous table. The following table summarizes non-employee restricted stock award activity for the year ended December 31, 2015:

	Number of RSAs	Weighted Average Grant Date Fair Value
Non-Employee Restricted Stock Awards:		
Outstanding on January 1, 2015	1,075,000	$ 0.42
Vested	-	-
Outstanding on December 31, 2015	1,075,000	$ 0.42

On December 31, 2015, there was $77,136 of total unrecognized stock-based compensation expense related to non-employee unvested restricted stock awards, which is expected to be recognized over a weighted average period of 6.36 years.

Stock-based compensation expense relating to non-employee restricted stock awards for the year ended December 31, 2015 was ($44,229), as compared to $20,211 for the year ended December 31, 2014.

14. Common Stock Warrants

The following table summarizes warrant activity for the year ended December 31, 2015:

	Number of Warrants	Weighted Average Exercise Price
Stock Warrants:		
Outstanding on January 1, 2015	2,367,500	$ 2.48
Granted	15,000,000	0.35
Exercised	-	-
Forfeited	-	-
Outstanding on December 31, 2015	17,367,500	0.64
Warrants exercisable on December 31, 2015	17,367,500	$ 0.64

15. Loss Per Share of Common Stock

Basic loss per share of common stock is computed based upon the number of weighted average shares of common stock outstanding as defined by ASC Topic 260, *Earnings Per Share.* Diluted loss per share of common stock includes the dilutive effects of stock options, warrants and stock equivalents. To the extent stock options, stock equivalents, shares underlying the Note and warrants are antidilutive, they are excluded from the calculation of diluted net loss per share of common stock. For the year ended December 31, 2015, 48,869,703 shares issuable upon the conversion of the Note payable, the exercise of stock options and warrants, and unvested restricted stock awards were not included in the computation of diluted loss per share because their inclusion would be antidilutive. For the year ended December 31, 2014, 16,500,753 shares issuable upon the exercise of stock options and warrants were not included in the computation of diluted loss per share because their inclusion would have been antidilutive.

16. Commitments and Contingencies

Operating Lease Agreements

During 2013, the Company entered into a two-year service agreement with Equinix Operating Co., Inc. (“Equinix”) whereby Equinix agreed to provide certain products and services to the Company from January 2013 to January 2015. Pursuant to the service agreement, the Company agreed to pay monthly recurring fees in the amount of $8,450 and certain nonrecurring fees in the amount of $9,700. The agreement automatically renews for additional twelve month terms unless earlier terminated by either party. Hosting expense under this lease for the year ended December 31, 2015 was $179,700, as compared to $177,110 for the year ended December 31, 2014. On November 2, 2015, the Company gave 90-days’ notice to Equinix to terminate the operating lease agreement. The lease subsequently ended on January 31, 2016.

On February 4, 2015, the Company entered into a lease for office space located at 320 W 37th Street, 13th Floor, New York, NY 10018 and paid a security deposit in the amount of $200,659. The term of the lease runs until March 4, 2022. The Company’s monthly office rent payments under the lease are currently approximately $26,000 per month and escalate on an annual basis for each year of the term of the lease thereafter. The Company accounts for rent expense using the straight line method of accounting, deferring the difference between actual rent due and the straight line amount. Rent expense under this lease for the year ended December 31, 2015 was $275,171.

On December 31, 2015, future minimum payments under non-cancelable operating leases were as follows:

Year	Amount
2016	308,513
2017	317,768
2018	343,311
2019	356,813
2020	367,517
Thereafter	441,941
Total	$ 2,135,863

Capital Lease Agreements

In October 2014, two HP lease agreements were canceled due to price negotiations and we entered into two new three-year lease agreements with HP for equipment and certain financed items. In December 2014, we cancelled our remaining operating lease agreements and entered into two additional three-year capital lease agreements with notes. The Company recognized these leases on its Consolidated Balance Sheets under capitalized lease obligations. Amortization for equipment under capital leases was $72,868 for the year ended December 31, 2015, as compared to $7,779 for the year ended December 31, 2014. Rent payments for equipment under capital leases were $90,936 for the year ended December 31, 2015, as compared to $7,578 for the year ended December 31, 2014.

On December 31, 2015, future minimum payments under non-cancelable capital leases were as follows:

Year	Amount
2016	90,936
2017	81,228
Total	$ 172,164

17. Related Party Transactions

On January 31, 2013, the Company entered into a subscription agreement with Darrell Lerner and DCL in connection with his separation from the Company. Pursuant to this agreement, the Company purchased (i) 50,000 shares of DCL's common stock for an aggregate purchase price of $50,000 in April 2013, (ii) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in July 2013, (iii) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in October 2013, (iv) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in January 2014, (v) 25,000 shares of DCL's common stock for an aggregate purchase price of $25,000 in April 2014, (vi) 25,000 shares of DCL's common stock for an aggregate price of $25,000 in July 2014 and (vii) 25,000 shares of DCL's common stock for an aggregate price of $25,000 in September 2014. These nonmarketable securities have been recorded in "Investments" on the Company's Consolidated Balance Sheet measured on a cost basis.

On January 31, 2013, the Company entered into a consulting agreement with Darrell Lerner, pursuant to which Mr. Lerner agreed to serve as a consultant to the Company for an initial term of three years, beginning on February 1, 2013 (the "Effective Date"). The agreement was subsequently amended to provide for automatically renewing one-year terms unless either party provides written notice of non-renewal. Pursuant to the agreement, Mr. Lerner agreed to assist and advise the Company on legal, financial and other matters for which he has knowledge that pertains to the Company, as the Company reasonably requests. As compensation for his services, the Company agreed to pay Mr. Lerner a monthly fee of $25,000 for the initial two year period of the agreement and a monthly fee of $5,000 for every month thereafter. The monthly payments under the agreement are conditioned upon Mr. Lerner's compliance with a customary confidentiality covenant covering certain information concerning the Company, a covenant not to compete during the term of the agreement and for a period of one year following the termination of the agreement, a non-disparagement covenant regarding the Company and a non-solicitation covenant for a period of six months immediately following the later of the termination of the agreement or the end of the term of the agreement. Consulting expense under this agreement for the year ended December 31, 2015 was $80,034, as compared to $305,600 for the year ended December 31, 2014.

The Company or Mr. Lerner may terminate the agreement at any time without notice prior to or at the expiration of the term. If the Company terminates the agreement without "cause" (as defined in the agreement), the Company has agreed to (i) pay Mr. Lerner the amount of the unpaid monthly fees owed to Mr. Lerner for the period from the Effective Date to the two year anniversary of the Effective Date and (ii) take all commercially reasonably actions to cause (A) 325,000 shares of restricted common stock of the Company previously granted to Mr. Lerner, (B) 600,000 shares of restricted common stock of the Company previously granted to Mr. Lerner and (iii) 150,000 shares of restricted common stock of the Company granted to Mr. Lerner pursuant to the agreement, to be vested as of the date of such termination. Stock-based compensation expense relating to non-employee restricted stock awards for the year ended December 31, 2015 was ($44,229), as compared to $14,585 for the year ended December 31, 2014.

18. Subsequent Events

On January 31, 2016, the Company amended the consulting agreement with Darrell Lerner, pursuant to which the monthly fee owed to Mr. Lerner was reduced to $3,000 and the term of the agreement was set to automatically renew for successive one-year periods beginning on February 1, 2016 unless either party provides written notice of non-renewal.

On March 3, 2016, the Company amended its employment agreement with Alexander Harrington, dated as of February 28, 2014, as amended, to provide that Mr. Harrington's annual incentive bonus for the year ended December 31, 2015 would be replaced with (i) a cash payment of $25,000 and (ii) the right to receive a stock option representing the right to purchase 50,000 shares of Snap's common stock at an exercise price of $0.20 per share.

On March 3, 2016, the Company entered into a restricted stock cancellation and release agreement with Clifford Lerner, the Company's President of the Grade, pursuant to which the Company cancelled a grant of 5,000,000 restricted shares of common stock awarded to Mr. Lerner on April 10, 2013 that would have vested 50% on the third anniversary of the date of grant and 50% on the fourth anniversary of the date of grant. Subsequently, on March 3, 2016, the Board of Directors awarded Mr. Lerner a replacement award of 5,000,000 restricted shares that vest 100% on the (10th) tenth anniversary of the date of grant, provided Mr. Lerner is providing services to the Company on such date.

In addition, on March 3, 2016, the Board of Directors awarded Mr. Lerner a stock option representing the right to purchase 50,000 shares of common stock at an exercise price of $0.20 per share, with the shares underlying such option vesting in four (4) equal annual installments on the first, second, third and fourth anniversary of the date of grant, provided that Mr. Lerner is providing services to the Company on such dates.

On March 3, 2016, the Board of Directors of the Company increased the size of the Board of Directors from four (4) members to five (5) members and appointed Judy Krandel to the Board of Directors, effective March 3, 2016. Ms. Krandel will serve as a director until the Company's 2016 annual meeting of stockholders. Ms. Krandel has not been appointed to any committees of the Board of Directors at this time. Ms. Krandel is entitled to receive a cash fee for her service as a non-employee member of the Board of Directors and for her service on any committee of the Board of Directors of $15,000 and $2,500 per year, respectively. As additional consideration for her service, the Board of Directors awarded Ms. Krandel a stock option representing the right to purchase 100,000 shares of the Company's common stock at an exercise price equal to $0.11 per share which was the fair market value of a share of common stock as of the close of market on March 3, 2016. The shares underlying the stock option will vest in three (3) equal annual installments on the first, second and third anniversaries of the date of grant, provided that Ms. Krandel is providing services to the Company on such dates.

Management has evaluated subsequent events or transactions occurring through the date the consolidated financial statements were issued and determined that no additional events or transactions are required to be disclosed herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, including our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on the evaluation as of December 31, 2015, for the reasons set forth below, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not 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 the SEC's 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.

Management's Annual Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to, in general, provide reasonable assurance to our management and the Board of Directors regarding the preparation and fair presentation of published financial statements, but because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Our chief executive officer and chief financial officer evaluated the effectiveness of our internal control over financial reporting as of December 31, 2015, and based on that evaluation he concluded that our internal control over financial reporting was not effective.

The framework used by management in making that assessment was the criteria set forth in the document entitled "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on that re-evaluation due to material weakness identified below, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were not effective as of December 31, 2015 to ensure that information required to be disclosed in our Exchange Act reports was (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure, because of a material weakness in our internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the effectiveness of internal control our financial reporting as of December 31, 2015, the Company determined that the following item constituted a material weakness:

- The Company does not have an independent audit committee in place, which would provide oversight of the Company's officers, operations and financial reporting function.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On March 8, 2016, we filed an amendment to our Certificate of Incorporation that was previously approved by our stockholders.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required in response to this Item 10 is incorporated herein by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item 11 is incorporated herein by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required in response to this Item 12 is incorporated herein by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required in response to this Item 13 is incorporated herein by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required in response to this Item 14 is incorporated herein by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following are filed as part of this Annual Report:

1. Financial Statements

The financial statements filed as part of this Annual Report are included in “Item 8. Financial Statements and Supplementary Data.”

2. Financial Statement Schedules

All schedules have been omitted since the required information is not present, or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements or the Notes thereto.

3. Exhibits

The following exhibits are required by Item 601 of Regulation S-K.

(a) Documents filed as part of this Annual Report.

1.	Reports of Independent Registered Public Accounting Firms
	Consolidated Balance Sheets as of December 31, 2015 and 2014
	Consolidated Statements of Operations for the Years Ended December 31, 2015 and 2014
	Consolidated Statements of Changes in Stockholders’ Deficit for the Years Ended December 31, 2015 and 2014
	Consolidated Statements of Cash Flows for the Years Ended December 31, 2015 and 2014
	Notes to Consolidated Financial Statements
2.	Financial Statement Schedules
3.	Exhibits required to be filed by Item 601 of Regulation S-K
	Please see the “Exhibit Index,” which is incorporated herein by reference, following the signature page for a list of our exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 14, 2016

SNAP INTERACTIVE, INC.

By: /s/ Alexander Harrington
Alexander Harrington
Chief Executive Officer and
Chief Financial Officer
(Principal Executive, Financial and
Accounting Officer)

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

Signature	Title	Date
/s/ Alexander Harrington Alexander Harrington	Chief Executive Officer, Chief Financial Officer and Director (Principal Executive, Financial and Accounting Officer)	March 14, 2016
/s/ Steven Fox Steven Fox	Director	March 14, 2016
/s/ Neil Foster Neil Foster	Director	March 14, 2016
/s/ Judy Krandel Judy Krandel	Director	March 14, 2016
/s/ Clifford Lerner Clifford Lerner	Chairman of the Board of Directors	March 14, 2016

EXHIBIT INDEX

3.1	Certificate of Incorporation, dated July 19, 2005 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 333-172202) of the Company filed February 11, 2011 by the Company with the SEC).
3.2	Certificate of Amendment to Certificate of Incorporation, dated November 20, 2007 (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-1 (File No. 333-172202) of the Company filed February 11, 2011 by the Company with the SEC).
3.3*	Certificate of Amendment to Certificate of Incorporation, dated March 8, 2016.
3.4	Amended and Restated By-Laws of Snap Interactive, Inc., as amended April 19, 2012 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 000-52176) of the Company filed April 25, 2012 by the Company with the SEC).
10.1	Statement of Rights and Responsibilities, by and between Snap Interactive, Inc. and Facebook Inc. (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K (File No. 000-52176) filed March 31, 2011 by the Company with the SEC).
10.2	Registered Apple Developer Agreement, by and between Snap Interactive, Inc. and Apple Inc. (incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K (File No. 000-52176) filed March 31, 2011 by the Company with the SEC).
10.3	iOS Developer Program License Agreement, by and between Snap Interactive, Inc. and Apple Inc. (incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K (File No. 000-52176) filed March 31, 2011 by the Company with the SEC).
10.4	Registration Rights Agreement (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (File No. 000-52176) of the Company filed January 21, 2011 by the Company with the SEC).
10.5†	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-8 (File No. 333-174456) of the Company filed on May 24, 2011 by the Company with the SEC).
10.6†	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 99.3 to the Registration Statement on Form S-8 (File No. 333-174456) of the Company filed on May 24, 2011 by the Company with the SEC).
10.7†	Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 99.4 to the Registration Statement on Form S-8 (File No. 333-174456) of the Company filed on May 24, 2011 by the Company with the SEC).
10.8†	Amended and Restated Snap Interactive, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 000-52176) of the Company filed on November 14, 2011 by the Company with the SEC).
10.9†	Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 000-52176) of the Company filed on November 14, 2011 by the Company with the SEC).

10.10†	Executive Employment Agreement, dated as of April 10, 2013, by and between Clifford Lerner and Snap Interactive, Inc. (incorporated by reference to Exhibit 10.4 to the Post-Effective Amendment No. 3 to the Registration Statement on Form S-1 of the Company filed on April 11, 2013 by the Company with the SEC).
10.11†	First Amendment to Executive Employment Agreement, effective as of October 13, 2015, by and between Snap Interactive, Inc. and Clifford Lerner (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company filed on October 14, 2015 by the Company with the SEC).
10.12†	Restricted Stock Cancellation and Release Agreement, dated as of March 3, 2016, by and between Clifford Lerner and Snap Interactive, Inc. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company filed on March 7, 2016 by the Company with the SEC).
10.13†*	Restricted Stock Award Agreement, dated as of March 3, 2016, by and between Clifford Lerner and Snap Interactive, Inc.
10.14†	Executive Employment Agreement, dated February 28, 2014, by and between Alexander Harrington and Snap Interactive, Inc. (incorporated by reference to Exhibit 10.21 to the Post-Effective Amendment No. 4 to the Registration Statement on Form S-1 of the Company filed on March 25, 2014 by the Company with the SEC).
10.15†	First Amendment to Executive Employment Agreement, effective as of March 19, 2015, by and between Snap Interactive, Inc. and Alexander Harrington (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company filed on March 25, 2015 by the Company with the SEC).
10.16†	Second Amendment to Executive Employment Agreement, effective as of October 13, 2015, by and between Snap Interactive, Inc. and Alexander Harrington (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company filed on October 14, 2015 by the Company with the SEC).
10.17†	Third Amendment to Executive Employment Agreement, effective as of March 3, 2016, by and between Snap Interactive, Inc. and Alexander Harrington (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company filed on March 7, 2016 by the Company with the SEC).
10.19†	Option Cancellation and Release Agreement, effective as of October 13, 2015, by and between Snap Interactive, Inc. and Alexander Harrington (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of the Company filed on October 14, 2015 by the Company with the SEC).
10.19†	Nonqualified Stock Option Agreement, dated as of October 13, 2015, by and between Snap Interactive, Inc. and Alexander Harrington (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of the Company filed on October 14, 2015 by the Company with the SEC).
10.20#	Business Development Agreement, dated November 27, 2013, by and between Snap Interactive, Inc. and Match.com, L.L.C. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on August 11, 2014 by the Company with the SEC).
10.21#	Amendment No. 1 to Business Development Agreement, dated April 16, 2014, by and between Snap Interactive, Inc. and Match.com, L.L.C. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed on August 11, 2014 by the Company with the SEC).

10.22#	Membership Acquisition Agreement, dated as of June 25, 2014, by and between Snap Interactive, Inc. and Zoosk, Inc. (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed on August 11, 2014 by the Company with the SEC).
10.23	First Amendment to Advisor Agreement, dated as of September 4, 2014, by and between Jon D. Pedersen, Sr. and Snap Interactive, Inc. (incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K of the Company filed on March 5, 2015 by the Company with the SEC).
10.24	Promissory Note, dated April 24, 2014, issued by Snap Interactive, Inc. (incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K of the Company filed on March 5, 2015 by the Company with the SEC).
10.25	Promissory Note, dated May 20, 2014, issued by Snap Interactive, Inc. (incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K of the Company filed on March 5, 2015 by the Company with the SEC).
10.26	Securities Purchase Agreement, dated February 13, 2015, by and between Snap Interactive, Inc. and the signatories thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company filed on February 20, 2015 by the Company with the SEC).
10.27	Form of Senior Secured Convertible Note issued February 13, 2015 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company filed on February 20, 2015 by the Company with the SEC).
10.28	Form of Common Stock Purchase Warrant issued February 13, 2015 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of the Company filed on February 20, 2015 by the Company with the SEC).
10.29	Security Agreement, dated February 13, 2015, by and between Snap Interactive, Inc., SNAP Mobile Limited and Sigma Opportunity Fund II, LLC (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of the Company filed on February 20, 2015 by the Company with the SEC).
10.30	Subsidiary Guarantee, dated February 13, 2015, by SNAP Mobile Limited, in favor of Sigma Opportunity Fund II, LLC (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of the Company filed on February 20, 2015 by the Company with the SEC).
10.31	Advisory Services Agreement, dated February 13, 2015, by and between Snap Interactive, Inc. and Sigma Capital Advisors, LLC (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K of the Company filed on February 20, 2015 by the Company with the SEC).
10.32	Amendment to Promissory Note, effective January 24, 2015, by and between Snap Interactive Inc. and Clifford Lerner (incorporated by reference to Exhibit 10.26 to the Annual Report on Form 10-K of the Company filed on March 5, 2015 by the Company with the SEC).
10.33	Agreement of Lease, dated February 4, 2015 by and between Snap Interactive, Inc. and 320 W 37 LLC (incorporated by reference to Exhibit 10.27 to the Annual Report on Form 10-K of the Company filed on March 5, 2015 by the Company with the SEC).

21.1*	Subsidiaries of the Company.
23.1*	Consent of Marcum LLP.
23.2*	Consent of Ernst & Young LLP.
31.1*	Certification of the Chief Executive Officer and Chief Financial Officer of the Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer and Chief Financial Officer of the Company, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2015, formatted in XBRL (eXtensible Business Reporting Language), (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Changes in Stockholders' (Deficit) Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to the Consolidated Financial Statements.

Confidential treatment has been granted with respect to certain portions of this Exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

† Management contract or compensatory plan arrangement.

* Filed herewith.

** The certification attached as Exhibit 32.1 is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Snap Interactive, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of the Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF
SNAP INTERACTIVE, INC.

Adopted in accordance with the provisions
of Section 242 of the General Corporation
Law of the State of Delaware

Snap Interactive, Inc. (the "***Corporation***"), a corporation duly organized and existing under the laws of the State of Delaware, by its duly authorized officer, does hereby certify that:

1. The Board of Directors of the Corporation has duly adopted resolutions (i) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware an amendment of the Corporation's Certificate of Incorporation, as amended, to (a) provide mandatory indemnification to the Corporation's officers and directors and (b) designate the Court of Chancery in the State of Delaware as the sole and exclusive forum for certain legal actions or proceedings against the Corporation, (ii) declaring such amendments to be advisable and (iii) directing that the appropriate officers of the Corporation solicit the approval of the Corporation's stockholders for such amendments at an annual meeting of stockholders.

2. Upon this Certificate of Amendment becoming effective, the Certificate of Incorporation of the Corporation is hereby amended by adding Articles THIRTEENTH and FOURTEENTH to read as follows:

THIRTEENTH: The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify, and advance expenses to, any person who is or was a director or officer of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. The Corporation may provide indemnification to any such person and any other person who is or was an employee or agent of the Corporation, by agreement or otherwise, on such terms and conditions as the Board of Directors may approve. Any agreement for indemnification of any director, officer, employee or other person may provide indemnification rights that are broader or otherwise differ from those set forth herein. Any repeal or modification of this Article THIRTEENTH by the stockholders of the Corporation shall not adversely affect any rights existing under this paragraph at the time of such repeal or modification.

FOURTEENTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Corporation to the corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or this Certificate of Incorporation or the By-Laws of the Corporation, or (iv) any other action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article FOURTEENTH.

3. This Certificate of Amendment has been duly approved by the Board of Directors of the Corporation in accordance with Section 242 of the General Corporation Law of the State of Delaware.

4. This Certificate of Amendment has been duly approved by the holders of the requisite number of shares of capital stock of the Corporation, in accordance with the applicable provisions of Sections 216 and 242 of the General Corporation Law of the State of Delaware and the applicable provisions of the Certificate of Incorporation.

5. This Certificate of Amendment shall become effective when it is filed with the Secretary of State of the State of Delaware.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by its duly authorized officer this 8th day of March 2016.

SNAP INTERACTIVE, INC.,
a Delaware corporation

By: /s/ Alexander Harrington
Alexander Harrington
Chief Executive Officer and Chief Financial Officer

RESTRICTED STOCK AWARD AGREEMENT
SNAP INTERACTIVE, INC.

This Restricted Stock Award Agreement (this "***Agreement***") is made this 3rd day of March, 2016, by and between Snap Interactive, Inc., a Delaware corporation (the "***Company***"), and Clifford Lerner, an employee of the Company or one or more of its subsidiaries (the " ***Employee***").

WHEREAS, the Company desires to recognize the contribution the Employee has made to the Company and its subsidiaries and to provide an incentive to the Employee to assist the Company and its subsidiaries in achieving continued success by granting to the Employee an award of restricted stock in shares of the Company's common stock, par value $0.001 per share ("***Common Stock***"), as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto agree as follows:

1. Terms of Award. The number of shares of Common Stock awarded under this Agreement is five million (5,000,000) shares (the " ***Awarded Shares***"). The "***Date of Grant***" of this Restricted Stock Award is March 3, 2016.

2 . Definitions. The terms "***Board***", "***Change in Control***", "***Code***", "***Committee***", "***Termination of Service***", and "***Total and Permanent Disability***" shall have the same meaning as each such term is defined in the Snap Interactive, Inc. 2011 Amended and Restated Long-Term Incentive Plan (the "***Plan***").

3. Vesting. Except as specifically provided in this Agreement, the Awarded Shares shall vest as follows:

One hundred percent (100%) of the total Awarded Shares shall vest on the tenth (10th) anniversary of the Date of Grant, provided that the Employee is employed by (or if the Employee becomes an outside director or contractor, is providing services to) the Company or a subsidiary on that date.

Notwithstanding the foregoing, one hundred percent (100%) of the unvested Awarded Shares immediately shall vest (i) on the date of a Change in Control, provided the Employee is employed by (or if the Employee becomes an outside director or contractor, is providing services to) the Company or a subsidiary on such date; (ii) on the date of the Employee's Termination of Service due to his death or Total and Permanent Disability; and (iii) on the date of the Employee's Termination of Service without "cause" (as such term is defined in the written employment or consulting agreement between the Company and the Employee that is in effect on the date of the Employee's Termination of Service). For purposes of clarity, if the Company decides not to renew any written employment agreement or consulting agreement between the Company and the Employee without "cause" (as such term is defined in such agreement), and the Employee suffers a Termination of Service in connection with such non-renewal, then the Employee's Termination of Service shall be treated as a Termination of Service without "cause" for purposes of this Agreement.

4. Forfeiture. Awarded Shares that are not vested in accordance with Section 3 shall be forfeited on the date of the Employee's Termination of Service. Upon forfeiture, all of the Employee's rights with respect to the forfeited Awarded Shares shall cease and terminate, without any further obligations on the part of the Company.

5 . Restrictions on Awarded Shares. Awarded Shares that are not vested in accordance with Section 3 and which are subject to forfeiture in accordance with Section 4 shall be subject to the terms, conditions, provisions, and limitations of this Section 5.

(a) Subject to the terms of this Agreement, from the Date of Grant until the date the Awarded Shares are vested in accordance with Section 3 and are no longer subject to forfeiture in accordance with Section 4 (the "***Restriction Period***"), the Employee shall not be permitted to sell, transfer, pledge, or assign any of the Awarded Shares.

(b) Except as provided in paragraph (a) above, the Employee shall have, with respect to his Awarded Shares, all of the rights of a stockholder of the Company, including the right to vote the shares, and the right to receive any dividends thereon.

6. Legend. The following legend shall be placed on all certificates representing Awarded Shares:

On the face of the certificate:

"Transfer of this stock is restricted in accordance with conditions printed on the reverse of this certificate."

On the reverse:

"The shares of stock evidenced by this certificate are subject to and transferable only in accordance with that certain Restricted Stock Award Agreement by and between Snap Interactive, Inc. and Clifford Lerner, dated March 3, 2016, a copy of which is on file at the principal office of the Company in New York, New York. No transfer or pledge of the shares evidenced hereby may be made except in accordance with and subject to the provisions of said Agreement. By acceptance of this certificate, any holder, transferee or pledgee hereof agrees to be bound by all of the provisions of said Agreement."

The following legend shall be inserted on a certificate evidencing Common Stock issued under this Agreement if the shares were not issued in a transaction registered under the applicable federal and state securities laws:

"Shares of stock represented by this certificate have been acquired by the holder for investment and not for resale, transfer or distribution, have been issued pursuant to exemptions from the registration requirements of applicable state and federal securities laws, and may not be offered for sale, sold or transferred other than pursuant to effective registration under such laws, or in transactions otherwise in compliance with such laws, and upon evidence satisfactory to the Company of compliance with such laws, as to which the Company may rely upon an opinion of counsel satisfactory to the Company."

All Awarded Shares owned by the Employee shall be subject to the terms of this Agreement and shall be represented by a certificate or certificates bearing the foregoing legend.

7. Delivery of Certificates. The Company shall deliver certificates for the Awarded Shares to the Employee (or to the Employee's estate or legal guardian, as applicable) or shall register the Awarded Shares in such person's name, free of restriction under this Agreement, promptly after, and only after, the Restriction Period has expired without forfeiture pursuant to Section 4. In connection with any issuance of a certificate for restricted stock, the Employee shall endorse such certificate in blank or execute a stock power in a form satisfactory to the Company in blank and deliver such certificate and executed stock power to the Company.

8. Voting. The Employee, as record holder of the Awarded Shares, has the exclusive right to vote, or consent with respect to, such Awarded Shares until such time as the Awarded Shares are transferred in accordance with this Agreement; provided, however, that this Section 8 shall not create any voting right where the holders of such Awarded Shares otherwise have no such right.

9. Adjustments. The number of Awarded Shares shall be subject to adjustment in accordance with Articles 11-13 of the Plan.

10. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

11. Employee's Representations. Notwithstanding anything herein to the contrary, the Employee hereby represents and warrants to the Company, that:

(a) The Employee acknowledges that the Awarded Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and that the Company's reliance on an exemption from the Securities Act depends, in part, upon the truth and accuracy of the Employee's representations set forth herein.

(b) The Employee is acquiring the Awarded Shares for his own account, for investment purposes only, and not with a view to the distribution, resale, or other disposition not in compliance with the Securities Act and applicable state securities laws.

(c) The Employee is an "accredited investor" as such term is defined in Rule 501 promulgated under the Securities Act.

(d) The decision of the Employee to acquire the Awarded Shares for investment has been based solely upon the evaluation made by the Employee.

(e) The Employee recognizes and understands that the Awarded Shares may not be sold, transferred, or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement or an available exemption, he must hold such Awarded Shares indefinitely. The Employee further acknowledges that Rule 144 promulgated under the Securities Act may not be applicable to the Awarded Shares and understands that the Company will not be obligated to make the filings and reports, or make publicly available the information, which is a condition to the availability of Rule 144. The Employee further recognizes that the Company is under no obligation to register the Awarded Shares or to comply with any exemption from such registration. The Employee understands that the certificates representing the Awarded Shares may carry one or more legends incorporating such restrictions.

(f) The Employee acknowledges that he is a sophisticated investor, having such knowledge and experience in financial and business matters as to be capable of making an informed investment decision with respect to the acquisition of the Awarded Shares and that he has the financial wherewithal to absorb the loss of any investment in the Awarded Shares.

(g) The Employee acknowledges receipt of all information he considers necessary or appropriate for deciding and evaluating the merits and risks of his acquiring and holding the Awarded Shares. The Employee acknowledge that he has had an opportunity to ask questions and to receive answers from the Company regarding the Awarded Shares and the business properties, prospects, and financial condition of the Company and to obtain additional information necessary to verify the accuracy of any information furnished to him or to which he had access.

(h) The Employee acknowledges that applicable securities laws provide restrictions on the ability of stockholders to sell, transfer, assign, mortgage, hypothecate, or otherwise encumber their Awarded Shares and places certain other restrictions on the Employee.

12. Employee's Acknowledgments. The Employee acknowledges that a copy of the Plan has been made available for his review by the Company and represents that he is familiar with the relevant terms and provisions thereof that are referenced in this Agreement. The Employee hereby accepts the Awarded Shares subject to all the terms and provisions of this Agreement. The Employee hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under this Agreement.

13. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Employee the right to continue in the employ or to provide services to the Company or any subsidiary, or to interfere with or restrict in any way the right of the Company or any subsidiary to discharge the Employee as an employee at any time.

14. Law Governing. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Delaware (excluding any conflict of laws rule or principle of Delaware law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

15. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction, with respect to any and all claims under this Agreement, to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

16. Covenants and Agreements as Independent Agreements . Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Employee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

17. Entire Agreement. This Agreement supersedes any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement and that any agreement, statement or promise that is not contained in this Agreement shall not be valid or binding or of any force or effect.

18. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein. No person or entity shall be permitted to acquire any Awarded Shares without first executing and delivering an agreement in the form satisfactory to the Company making such person or entity subject to the restrictions on transfer contained in Section 5 hereof.

19. Waiver. Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power, or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power, or privilege with respect to any other occurrence.

20. Provisions Separable. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

21. Modification. No change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and approved by the Employee and the Board; provided, however, that if the Employee is a member of the Board, the Employee must recuse himself from any vote to amend the Agreement or accelerate the vesting of the Awarded Shares, and if the Employee is the sole member of the Board, the Agreement may not be amended and the vesting of the Awarded Shares may not be accelerated.

22. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

23. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

24. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Employee, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

a. Notice to the Company shall be addressed and delivered as follows:

Snap Interactive, Inc.
320 W. 37th Street, 13th Floor
New York, NY 10018
Attn:_____
Fax:_____

b. Notice to the Employee shall be addressed and delivered as set forth on the signature page.

25. Tax Requirements. **The Employee is hereby advised to consult immediately with his own tax advisor regarding the tax consequences of this Agreement, the method and timing for filing an election to include this Agreement in income under Section 83(b) of the Code, and the tax consequences of such election. By execution of this Agreement, the Employee agrees that if the Employee makes such an election, the Employee shall provide the Company with written notice of such election in accordance with the regulations promulgated under Section 83(b) of the Code.** The Company or, if applicable, any subsidiary (for purposes of this Section 25, the term "***Company***" shall be deemed to include any applicable subsidiary), shall have the right to deduct from all amounts paid in cash or other form, any federal, state, local, or other taxes required by law to be withheld in connection with the Awarded Shares. The Company may, in its sole discretion, also require the Employee receiving shares of Common Stock to pay the Company the amount of any taxes that the Company is required to withhold in connection with the Employee's income arising with respect to the Awarded Shares. Such payments shall be required to be made when requested by the Company and may be required to be made prior to the delivery of any certificate representing shares of Common Stock. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds the required tax withholding obligations of the Company; or (ii) by any other means approved by the Company in its sole discretion. The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Employee.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Employee, to evidence his consent and approval of all the terms hereof, has duly executed this Agreement, effective as of the date specified in Section 1 hereof.

COMPANY:

SNAP INTERACTIVE, INC.

By: /s/ Alexander Harrington
Name: Alexander Harrington
Title: Chief Executive Officer and Chief Financial Officer

EMPLOYEE:

/s/ Clifford Lerner
Signature

Name: Clifford Lerner
Address:

Subsidiaries of Snap Interactive, Inc.
(As of March 14, 2016)

Subsidiary	**Jurisdiction of Incorporation**
Snap Mobile Limited	United Kingdom

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Snap Interactive, Inc. (the "Company") on Form S-8 (File No. 333-174456) of our report, which includes an explanatory paragraph as to the Company's ability to continue as a going concern, dated March 14, 2016 with respect to our audit of the consolidated financial statements of Snap Interactive, Inc. and Subsidiary as of December 31, 2015 and for the year then ended, which report is included in this Annual Report on Form 10-K of Snap Interactive, Inc. for the year ended December 31, 2015.

/s/ Marcum LLP

Marcum LLP
New York, NY
March 14, 2016

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the use of our report dated March 5, 2015, with respect to the consolidated financial statements and schedule of Snap Interactive, Inc. as of December 31, 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2014, included in this Annual Report (Form 10-K) of Snap Interactive, Inc. for the year ended December 31, 2015.

/s/ Ernst & Young LLP

New York, New York
March 14, 2016

Exhibit 31.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alexander Harrington, certify that:

1. I have reviewed this Annual Report on Form 10-K of Snap Interactive, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 14, 2016

By: /s/ Alexander Harrington
Alexander Harrington
Chief Executive Officer and
Chief Financial Officer
(Principal Executive, Financial and
Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code, the undersigned officer of Snap Interactive, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2015 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K.

Dated: March 14, 2016

By: /s/ Alexander Harrington
Alexander Harrington
Chief Executive Officer and
Chief Financial Officer
(Principal Executive, Financial and
Accounting Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-K pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-K for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.