

CrowdGather, Inc.  
Form 10-K  
July 09, 2012

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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 April 30, 2012

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-52143

CrowdGather, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

20-2706319

(I.R.S. Employer Identification  
No.)

20300 Ventura Blvd. Suite 330, Woodland Hills, California

(Address of principal executive offices)

91364

(Zip Code)

(818) 435-2472

(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Act:

Title of each class registered:

None

Name of each exchange on which registered:

None

Securities registered under Section 12(g) of the Act:

Common Stock, Par Value \$.001

(Title of Class)

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

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

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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 (§ 229.405 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 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 file, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large 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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. As of October 31, 2011, approximately \$7,736,555.

As of June 25, 2012, there were 58,234,216 shares of the issuer's \$.001 par value common stock issued and outstanding.

Documents incorporated by reference. There are no annual reports to security holders, proxy information statements, or any prospectus filed pursuant to Rule 424 of the Securities Act of 1933 incorporated herein by reference.

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## PART I

### Forward-Looking Information

This Annual Report of CrowdGather, Inc. on Form 10-K contains forward-looking statements, particularly those identified with the words, “anticipates,” “believes,” “expects,” “plans,” “intends,” “objectives” and similar expressions. These statements reflect management’s best judgment based on factors known at the time of such statements. The reader may find discussions containing such forward-looking statements in the material set forth under “Management’s Discussion and Analysis and Plan of Operations,” generally, and specifically therein under the captions “Liquidity and Capital Resources” as well as elsewhere in this Annual Report on Form 10-K. Actual events or results may differ materially from those discussed herein. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements. The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

### Item 1. Description of Business.

**Our Background.** CrowdGather, Inc. (the “Company,” “we” or “CrowdGather”) was incorporated in the State of Nevada on April 20, 2005.

On April 2, 2008, the Company, General Mayhem LLC (“General”) and the Company’s wholly owned subsidiary, General Mayhem Acquisition Corp. (the “Acquisition Subsidiary”), closed the agreement and plan of merger, pursuant to which General merged into the Acquisition Subsidiary, with the Acquisition Subsidiary surviving, and each share of General was converted into and became one (1) share, such that former members of General were issued 26,000,000, or approximately 64.9%, of the outstanding shares at that time. Immediately thereafter, the Acquisition Subsidiary merged with and into the Company, with the Company surviving, and the Company changed its name to CrowdGather, Inc.

**Our Business.** We are an Internet company that specializes in monetizing a network of online forums and message boards designed to engage, provide information to and build community around users. We are in the process of building what we hope will become one of the largest social, advertising, and user generated content networks by consolidating existing groups of online users that post on message boards and forums. Our goal is to create the world’s best user experience for forum communities, and world class service offerings for forum owners. We believe that the communities built around message boards and forums are one of the most dynamic sources of information available on the web because forums are active communities built around interest and information exchange on specific topics.

Our network is comprised of two components: branded forum communities and third-party hosted communities that are built on one of our forum hosting platforms. The branded communities, such as pbnation.com and rapmusic.com, among others, are wholly owned by us and we monetize them through a combination of text and display ads. The third-party hosted communities, which comprise the majority of our revenues, traffic, and page views, are sites built upon our leading forum hosting platforms – Yuku.com, Freeforums.org, forumer.com and Lefora.com. On these sites

we monetize the web traffic through a combination of Internet advertising mediums at our discretion in exchange for providing free software, support, and hosting. In some instances, we may derive subscription revenues in lieu of advertising revenues because the creator of the site has decided to pay us a monthly fee in exchange for providing an ad free experience for their members. Our goal is to ultimately build an advertising network that allows for us to leverage the targeted demographics of the combined network in order to generate the highest advertising rates for all of our member sites.

Part of our growth strategy includes identifying and acquiring additional web properties and developing our ad server technology. Over the past two years we have been researching potential opportunities to acquire online forums within targeted content and advertising verticals in our industry in order to expand our operations. In addition to the over 82 properties and approximately 610 domain names acquired to date, we also maintain ongoing discussions with representatives of certain web properties and other companies that may be interested in being acquired by us or entering into a joint venture agreement with us. Additionally, we believe the improved monetization of the forum revenue stream from the increased premium ad inventory and the utilization of our integrated ad server in the coming months will help contribute to our long term viability. We hope to deploy our ad server technology in the coming months across our hosted forms, which will enable us to generate revenues from what we believe is currently a minimally monetized component of our business.

**Our Community of Online Forums.** Our forum community connects what we believe is a robust and vibrant network of people sharing their questions, expertise and experiences. We hope that this collection of forums will help users easily access relevant, dynamic, and compelling user-generated content, conversations and commerce.

Our primary objective is to maximize the monetization of page views and user actions across our network of forum properties, with a primary focus on U.S. and Western traffic that can earn more lucrative ad payouts. Among other considerations, defining potential monetization typically includes the review of traffic analytics. Historically, we have reported ranges of monthly page views and monthly unique visitors as of a given point in time. However, when we purchase a site, the seller may not have analytics tags installed to properly gauge traffic and occasionally we must install the analytics tags in order to define and then estimate key traffic statistics. Combined with our ongoing efforts to create premium ad inventory by removing inactive sites, and pruning other sites to remove content that violates our advertising partners' terms of service agreements and international content that is not easily monetized, the use of such estimates can contribute to quarter over quarter variances in traffic analytics. We will from time to time continue to engage in pruning our sites to remove inactive accounts and other content where monetization is not feasible. These activities can contribute to creating an improved ad network capable of earning higher ad rates, but they can also result in reductions of page views, unique visitors, registered users, discussions and posts. Although we will continue to report traffic analytics such as monthly page views and monthly unique visitors because they are useful indicators, a more important determinant of value from a business perspective is our ability to generate and increase the revenues we receive from higher ad rates since not all traffic can be efficiently monetized.

Based upon current statistics from Google analytics, our network of forums averaged 227 million monthly page views and 17.9 million monthly unique visitors for the 2012 fourth quarter. Additionally, approximately 26 million users have registered on our network sites to date with 70 million total discussions comprising over 1.2 billion individual replies. Our belief is that the strong search engine rankings of many of our properties will continue to result in increased page views and registered members as we go forward.

We seek to continually add to the number of communities our website services by acquiring additional active forums, thereby increasing traffic to our site and the number of forums we host.

**Revenues.** We derive revenue principally from the sale of Internet advertising and sponsorships, as well as from subscription services on free forum hosting platforms and e-commerce. The Internet is an attractive forum for certain advertisers, depending on the number of users we have and a variety of other factors. Internet advertising spending continues to increase on an annual basis. We believe that significant revenues can be generated from online advertising both for our Company-owned sites as well as on a commission sales basis for our third-party network sites.

**Sales, Marketing and Distribution.** We intend to pursue direct sales with advertisers interested in exposing their products or services to our forum populations on a targeted basis. We will work not only with direct advertisers, but also advertising networks as represented by intermediaries. A key component of our strategy will be to customize

advertising programs that are directly relevant to an advertiser, while not at odds with our online communities. We will also allow for direct personalized advertising sales to the members of our respective forum communities who wish to market their products or services to their fellow members.

We hope to develop a widely recognized brand, which will enable us to attract, retain, and more deeply engage users, forum owners, advertisers, publishers, and developers. We believe a great brand begins with a great product, services, and content. We focus on each step of product and services development, deployment, and management and content design to understand our offerings and how best to market them to our communities of potential and existing users. We hope to use online advertising, and leverage our online network and our distribution partnerships to market our products and services to the right people at the right time. With continued investment in brand and product marketing, we believe we can continue to attract and engage users, advertisers, publishers, and developers.

In order to highlight our capabilities beyond traditional Internet advertising, we undertook a social media marketing initiative wherein we partnered with a technology company in order to create and market a fragrance product called Erox. In May 2011, we acquired the Erox.com domain name and “Erox” trademark in the United States. While our investment in this project has been immaterial to date, we have received press coverage for our efforts. Our belief is that this increased visibility will assist us in bidding on similar social media marketing campaigns in order to increase our revenue mix and growth. We are currently revising the Erox.com website based upon feedback we received in our pre-launch phase and intend to pursue relationships with affiliate marketers who will generate sales on our behalf so that we can focus on our core competencies in assisting our advertising clients generate the maximum visibility for their campaigns. We are not sure if we will continue to pursue this project beyond the sell through of our initial inventory, but if this remains a profitable revenue source without requiring much additional capital then we may maintain sales until a permanent partner is identified to whom we can hand over the day to day operations of Erox in exchange for marketing fees.

**Competition.** We operate in the Internet products, services, and content markets, which are highly competitive and characterized by rapid change, converging technologies, and increasing competition from companies offering communication, information, and entertainment services integrated into other products and media properties.

We compete for users, advertisers, publishers, and developers with many other providers of online services, including Web businesses where expertise in a particular market segment may provide a competitive advantage and with social media and networking competitors. Ad networks (such as Yahoo!’s Yahoo! Properties, Google Inc.’s “Google” Ad sense, Ad.com, and Valueclick), which create specialized marketing solutions for specific advertiser or publishers segments, also compete with us for a share of marketing budgets.

We compete with companies to attract users and developers as well as attract advertisers and publishers to our forums. The principal competitive factors relating to attracting and retaining users include the usefulness, accessibility, integration, and personalization of the forums that we offer and the overall user experience on our sites.

Many of our current and potential competitors have longer operating histories, more industry experience, larger customer or user bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. We may not be able to compete with either the large or mid-sized companies. We are also at a significant competitive disadvantage within the Internet industry because we have limited capital resources. Our ability to compete will depend on our ability to obtain users of our products without spending any significant funds to market and promote our products.

**Intellectual Property.** Our intellectual property assets include domain names and websites; trademarks related to our brands, products and services; copyrights in software and creative content; trade secrets; and other intellectual property rights and licenses of various kinds. We also currently own the web domain [www.crowdgather.com](http://www.crowdgather.com), which serves as our corporate website and the future home of our new forum software platform which is currently in development. Our portfolio currently consists of approximately 610 domain names and approximately 82 message board communities at various stages of development. Our corporate website ([www.crowdgather.com](http://www.crowdgather.com)) features a current list of our developed communities and software products.



Under current domain name registration practices, no one else can obtain an identical domain name, but someone might obtain a similar name, or the identical name with a different suffix, such as “.org”, or with a country designation. The regulation of domain names in the United States and in foreign countries is subject to change, and we could be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our domain names.

We seek to protect our intellectual property assets through patent, copyright, trade secret, trademark and other laws of the United States and other countries, and through contractual provisions. We enter into confidentiality and invention assignment agreements with our employees and contractors, and non-disclosure agreements with third parties with whom we conduct business in order to secure our proprietary rights and additionally limit access to, and disclosure of, our proprietary information. We consider our trademarks to be our most valuable assets and we will seek to register these trademarks in the United States and will seek to protect them. We have licensed in the past, and expect that we may license in the future, certain of our proprietary rights, such as trademark, patent, copyright, and trade secret rights to third parties.

In May 2009, we converted a provisional patent with a priority date of May, 2008 into a utility patent titled “Systems and Methods for Syndicating Content to, and Mining Content from, Internet Based Forums.”

We also filed a patent with a priority date of October 9, 2008 titled “Systems and Methods for Targeted Advertising.”

**Government Regulation.** We are subject to regulations and laws directly applicable to providers of Internet content and services. Many laws and regulations, however, are pending and may be adopted in the United States, individual states and local jurisdictions and other countries with respect to the Internet. The federal government and some state governments have introduced or considered legislation relating to Internet usage generally, including measures relating to privacy and data security, as well as specific legislation aimed at social networking sites, such as ours. It is not possible to predict whether or when such legislation may be adopted, and certain proposals, if adopted, could negatively affect our business. We do not know for certain how existing laws governing issues such as property ownership, copyright and other intellectual property issues, digital rights management, security, illegal or obscene content, retransmission of media, spyware, and personal privacy and data protection apply to the Internet. We monitor pending legislation to ascertain relevance, analyze impact and develop strategic direction surrounding regulatory trends and developments within the industry.

A number of U.S. federal laws, including those referenced below, impact our business. The Digital Millennium Copyright Act (“DMCA”) is intended, in part, to limit the liability of eligible online service providers for listing or linking to third-party Websites that include materials that infringe copyrights or other rights of others. Portions of the Communications Decency Act (“CDA”) are intended to provide statutory protections to online service providers who distribute third-party content. We rely on the protections provided by both the DMCA and CDA in conducting our business. Any changes in these laws or judicial interpretations narrowing their protections will subject us to greater risk of liability and may increase our costs of compliance with these regulations or limit our ability to operate certain lines of business. The Children’s Online Privacy Protection Act of 1998 (“COPPA”) prohibits web sites from collecting personally identifiable information online from children under age 13 without prior parental consent. The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM”) regulates the distribution of unsolicited commercial emails, or “spam.” Online services provided by us may be subject to COPPA and CAN-SPAM requirements. Congress and individual states may also consider online privacy legislation that would apply to personal information collected from teens and adults. We believe that we are in material compliance with the requirements imposed by those laws and regulations.

We are also subject to federal, state and local laws and regulations applied to businesses generally. We believe that we are in conformity with all applicable laws in all relevant jurisdictions. We do not believe that we have not been affected by any of the rules and regulations specified in this section.

**Research and Development.** We seek to continually enhance, expand, and launch products and features to meet evolving user, advertiser, and publisher needs for technological innovation and a deeper, more integrated experience for the online community of users. We intend to leverage our internal development efforts through technology acquisitions. We anticipate that our internal development costs for the first generation forum networking software will approximate \$100,000.

**Our Subsidiaries.** In June 2010, we acquired Adisn, Inc., which operates as a wholly owned subsidiary. In July 2010, we formed CG Community Network LLC as a wholly owned subsidiary that we anticipated would operate certain of our forums. In December 2010, we wound up and dissolved CG Community Network LLC.

**Employees.** As of July 9, 2012, we have fifteen full time employees. None of our employees is covered by a collective bargaining agreement, nor are they represented by a labor union. We have not experienced any work stoppages, and we consider relations with our employees to be good.



Item 1A. Risk Factors.

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below together with all of the other information included in this report before making an investment decision with regard to our securities. If any of the following risks actually occurs, our business, financial condition, and/or results of operations could be harmed. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. You should only purchase our securities if you can afford to suffer the loss of your entire investment.

Risks Related to Our Business:

We have a history of net losses which will continue and which may negatively impact our ability to achieve our business objectives.

For the year ended April 30, 2012, we had revenue of \$1,932,798 and a net loss of \$3,106,723 compared to revenue of \$1,580,957 and a net loss of \$2,812,228 for the year ended April 30, 2011. There can be no assurance that our future operations will result in net income. Our failure to increase our revenues will harm our business. We may not be able to operate profitably on a quarterly or annual basis in the future. If our revenues grow more slowly than we anticipate or our operating expenses exceed our expectations, our operating results will suffer.

Our limited operating history may not serve as an adequate basis to judge our future prospects and results of operations.

We have a relatively limited operating history. Such limited operating history and the unpredictability of the success of online forums makes it difficult for investors to evaluate our business and future operating results. An investor in our securities must consider the risks, uncertainties, and difficulties frequently encountered by companies in our industry. The risks and difficulties we face include challenges in accurate financial planning as a result of limited historical data and the uncertainties resulting from having had a relatively limited time period in which to implement and evaluate our business strategies as compared to older companies with longer operating histories.

We may need additional financing to execute our business plan.

The revenues from the sale of advertising and forum memberships and the projected revenues from these potential streams are not currently adequate to support our expansion and product development programs. We may need additional funds to:

- effectuate our business plan;
- expand our online reach and presence;
- develop and enhance our technological capabilities;
- file, prosecute, defend and enforce our intellectual property rights; and
- hire and retain key employees.

We may seek additional funds through public or private equity or debt financing, via strategic transactions, and/or from other sources. There are no assurances that future funding will be available on favorable terms or at all. If additional funding is not obtained, we may need to reduce, defer or cancel development programs, planned initiatives, or overhead expenditures to the extent necessary. The failure to fund our operating and capital requirements could have a material adverse effect on our business, financial condition and results of operations.



Additional capital may be costly or difficult to obtain.

Additional capital, whether through the offering of equity or debt securities, may not be available on reasonable terms or at all, especially in light of the recent downturn in the economy and dislocations in the credit and capital markets. If we are unable to obtain required additional capital, we may have to curtail our growth plans or cut back on existing business and, further, we may not be able to continue operating if we do not generate sufficient revenues from operations needed to stay in business. We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our financial condition.

Our resources may not be sufficient to manage our expected growth; failure to properly manage our potential growth would be detrimental to our business.

We may fail to adequately manage our anticipated future growth. Any growth in our operations will place a significant strain on our administrative, financial and operational resources, and increase demands on our management and on our operational and administrative systems, controls and other resources. We cannot assure you that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employee base, and maintain close coordination among our technical, accounting, finance, marketing and sales staff. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems. There may be greater strain on our systems mainly because we have acquired several businesses over the last 18 months and have had to devote significant management time and expense to the ongoing integration and alignment of management, systems, controls and marketing. To the extent we acquire other businesses, we will also need to integrate and assimilate new operations, technologies and personnel. If we are unable to manage growth effectively, such as if our sales and marketing efforts exceed our capacity to install, maintain and service our products or if new employees are unable to achieve performance levels, our business, operating results and financial condition could be materially and adversely affected.

Interest-group forums may not prove to be a viable business model.

Interest-group forums as a business model for delivering information and entertainment over the Internet is unproven, and we have only recently launched our efforts to develop a business centered on this model. It is too early to predict whether consumers will accept, and use our products on a regular basis, in significant numbers, and participate in our online community. Our products may fail to attract significant numbers of users, or, may not be able to retain the usership that it attracts, and, in either case, we may fail to develop a viable business model for our online community. In addition, we expect a significant portion of the content that we will provide to be available for free. If we are unable to successfully monetize the use of our content, either through advertising or fees for use, we may not be able to generate sufficient revenues.

We may be unable to attract advertisers to our online forums.

We expect that advertising revenue will comprise a significant portion of the revenue to be generated by the forums that we own. Most large advertisers have fixed advertising budgets, only a small portion of which has traditionally been allocated to Internet advertising. In addition, the overall market for advertising, including Internet advertising, has been generally characterized in recent periods by softness of demand, reductions in marketing and advertising budgets, and by delays in spending of budgeted resources. Advertisers may continue to focus most of their efforts on traditional media or may decrease their advertising spending. If we fail to convince advertisers to spend a portion of their advertising budgets with us, we will be unable to generate revenues from advertising as we intend.



We hope to generate our revenue almost entirely from advertising and retaining other sites as paid participants in our community, and the reduction in spending by, or loss of, advertisers and members could seriously harm our ability to generate revenues.

We hope to generate revenues from advertisers and other communities that pay to affiliate with our sites. If we are unable provide value to potential advertisers or other online communities, we may not be able to sell any ad space or memberships, which would negatively impact our revenues and business. In addition, we expect that advertisers will be able terminate their contracts with us at any time. We may also encounter difficulty collecting from our advertisers because we are a very small company with limited resources to collect outstanding balances.

If we are unable to compete effectively in the forum sector of the Internet industry, our business will fail.

The forum sector of the Internet industry is extremely competitive. The competition comes from both companies within the same business and companies in other media which create alternative forms of entertainment. We compete with several major Internet companies which are dominant in the industry, as well as with numerous small and independent Internet companies. Many of the organizations with which we compete have significantly greater financial and other resources than we do. The major companies are typically large, diversified entertainment and media companies or subsidiaries of diversified corporations which have strong relationships with advertisers and others involved in the Internet industry. We may not be able to compete with those companies for users and advertisers.

We may not be able to sustain or grow our business unless we keep up with changes in technology and consumer tastes.

The Internet and electronic commerce industries are characterized by:

- rapidly changing technology;
- evolving industry standards and practices that could render our website and proprietary technology obsolete;
- changes in consumer tastes and user demands;
- challenges, such as “click fraud,” that cast doubt on otherwise legitimate activities and practices; and
- frequent introductions of new services or products that embody new technologies.

Our future performance will depend, in part, on our ability to develop, license or acquire leading technologies and program formats, enhance our existing services and respond to technological advances and consumer tastes and emerging industry standards and practices on a timely and cost-effective basis. Developing website and other proprietary technology involves significant technical and business risks. We also cannot assure you that we will be able to successfully use new technologies or adapt our website and proprietary technology to emerging industry standards. We may not be able to remain competitive or sustain growth if we do not adapt to changing market conditions or customer requirements.

We face significant competition from large-scale Internet content, product and service aggregators, principally Google, Microsoft, Yahoo and Facebook.

We face significant competition from companies, principally Google, Microsoft, Yahoo and Facebook that have developed or acquired similar online sites. These services may directly compete with us for affiliate and advertiser arrangements, which is key to our business and operating results. Some of these competitors offer services that indirectly compete with our services, including: consumer e-mail services, desktop search, local search, and instant messaging services; photos, maps, video sharing, content channels, mobile applications, and shopping services; movie, television, music, book, periodical, news, sports, and other media holdings; access to a network of cable and other broadband users and delivery technologies; advertising offerings; and considerable resources for future growth



and expansion. Some of the existing competitors and possible additional entrants may have greater operational, strategic, financial, personnel or other resources than we do, as well as greater brand recognition either overall or for certain products and services. We expect these competitors increasingly to use their financial and engineering resources to compete with us, individually and potentially in combination with each other. In certain of these cases, our competition has a direct billing relationship with a greater number of their users through Internet access and other services than we have with our users through our premium services. This relationship may permit such competitors to be more effective than us in targeting services and advertisements to the specific preferences of their users thereby giving them a competitive advantage. If our competitors are more successful than we are in developing compelling products or attracting and retaining users, advertisers, or publishers, then our revenues and growth rates could decline.

We face significant competition from traditional media companies which could negatively impact our future operating results.

We also compete with traditional media companies for advertising, both offline as well as increasingly with their online assets as media companies offer more content directly from their own websites. Most advertisers currently spend a small portion of their advertising budgets on Internet advertising. If we fail to persuade existing advertisers to retain and increase their spending with us and if we fail to persuade new advertisers to spend a portion of their budget on advertising with us, our revenues could decline and our future operating results could be adversely affected.

We anticipate that the majority of our revenues will be derived from advertising to our users, and the reduction in spending by or loss of current or potential advertisers would cause our revenues and operating results to decline.

We anticipate that we will primarily rely on our ability to generate revenues from advertising on our sites and from paid subscriptions from our members. Our ability to develop revenue from advertising revenue depends upon:

- establishing and maintaining our user base;
- establishing and maintaining our popularity as an Internet destination site;
- broadening our relationships with advertisers to small- and medium-sized businesses;
- attracting advertisers to our user base;
- increasing demand for our services by advertisers, users, businesses and affiliates, including prices paid by advertisers, the number of searches performed by users, the rate at which users click-through to commercial search results and advertiser perception of the quality of leads generated by our forums;
- the successful implementation and acceptance of our advertising exchange by advertisers, networks, affiliates, and publishers;
- the successful development and deployment of technology improvements to our advertising platform;
- establishing and maintaining our affiliate program for our search marketing;
- deriving better demographic and other information from our users; and
- driving acceptance of the Web in general and of our sites in particular by advertisers as an advertising medium.

We anticipate that our agreements with advertisers will likely have terms of one year or less, or may be terminated at any time by the advertiser. Accordingly, it is difficult to forecast advertising revenues accurately. Any reduction in spending by or loss of existing or potential future advertisers would cause our revenues to decline. Further, we may be unable to adjust spending quickly enough to compensate for any unexpected revenue shortfall.

We are substantially dependent on a small number of direct advertisers and advertising networks, which account for a vast majority of our revenues.

We currently generate revenues from approximately twelve advertising networks. For the year ended April 30, 2012, two advertisers accounted for approximately 63% of our revenues. We expect to continue to generate the vast majority of our revenues from advertising for the foreseeable future. We do not have any long-term contractual agreements with any advertiser or advertising network. If our relationships with any of these advertisers or advertising networks were to be disrupted, our operating results will suffer.

Decreases or delays in advertising spending by our advertisers due to general economic conditions could harm our ability to generate advertising revenues.

Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and budgeting and buying patterns. Since we derive most of our revenues from advertising, any decreases in or delays in advertising spending due to general economic conditions could reduce our revenues or negatively impact our ability to grow our revenues.



Quarterly financial results will vary.

Factors that may contribute to the variability of quarterly revenue and operating results include:

- fluctuations in revenue due to cyclical nature of our customers' advertising spend;
- commencement, completion and termination of contracts during any particular quarter;
- additions and departures of key personnel; and
- strategic decisions made by us and our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments and changes in business strategy.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our brand image and harm our business and our operating results.

We hope to create, own and maintain a wide array of intellectual property assets, including copyrights, patents, trademarks, trade dress, trade secrets and rights to certain domain names, which we believe will be among our most valuable assets. We seek to protect our intellectual property assets through patent, copyright, trade secret, trademark and other laws of the United States and other countries of the world, and through contractual provisions. The efforts we have taken or will take to protect our intellectual property and proprietary rights may not be sufficient or effective at stopping unauthorized use of those rights. In addition, effective trademark, patent, copyright and trade secret protection may not be available or cost-effective in every country in which our products and media properties are distributed or made available through the Internet. There may be instances where we are not able to fully protect or utilize our intellectual property assets in a manner to maximize competitive advantages. Protection of the distinctive elements of our site may not be available under copyright law or trademark law. If we are unable to protect our proprietary rights from unauthorized use, the value of our brand image may be reduced. Any impairment of our brand could negatively impact our business. In addition, protecting our intellectual property and other proprietary rights is expensive and time consuming. Any increase in the unauthorized use of our intellectual property could make it more expensive to do business and consequently harm our operating results.

We are subject to U.S. and foreign government regulation of Internet services which could subject us to claims, judgments and remedies including monetary liabilities and limitations on our business practices.

We are subject to regulations and laws directly applicable to providers of Internet content and services. In addition, we will also be subject to any new laws and regulations directly applicable to our domestic and international activities. We may incur substantial liabilities for expenses necessary to defend such litigation or to comply with these laws and regulations, as well as potential substantial penalties for any failure to comply. Compliance with these laws and regulations may also cause us to change or limit our business practices in a manner adverse to our business.

We rely on third-party providers for our principal Internet connections and technologies, databases and network services critical to our properties and services, and any errors, failures or disruption in the services provided by these third parties could significantly harm our business and operating results.

We rely on private third-party providers for our principal Internet connections, co-location of a significant portion of our data servers and network access. A key element of our strategy is to generate a high volume of traffic to our forums. Our ability to generate revenues will depend substantially on the number of customers who use our websites. Accordingly, the satisfactory performance, reliability and availability of our websites and network infrastructure are critical to our ability to generate revenues, as well as to our reputation. Any disruption, from natural disasters, technology malfunctions, sabotage or other factors, in the Internet or network access or co-location services provided by these third-party providers or any failure of these third-party providers to handle current or higher volumes of use could significantly harm our business, operating results and financial condition. We have little control over these third-party providers, which increases our vulnerability to disruptions or problems with their services. Any financial

difficulties experienced by our providers may have negative effects on our business, the nature and extent of which we cannot predict.

Furthermore, we depend on hardware and software suppliers for prompt delivery, installation and service of servers and other equipment to deliver our services. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and information services could negatively impact our relationship with users and adversely affect our brand, our business, and operating results.

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

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 operating results. 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 application, servers or website may result in significant expenses, loss of revenue and other adverse effects to our business.

If we are not able to retain the full-time services of senior management, there may be an adverse effect on our operations and/or our operating performance until we find suitable replacements.

Our business is dependent, to a large extent, upon the services of our senior management. We do not maintain key person life insurance for any members of our senior management at this time. The loss of services of our chief executive officer or any other key members of our senior management could adversely affect our business until suitable replacements can be found. There may be a limited number of personnel with the requisite skills to serve in these positions, and we may be unable to locate or employ such qualified personnel on acceptable terms.

Our inability to diversify our operations may subject us to economic fluctuations within our industry.

Our limited financial resources reduce the likelihood that we will be able to diversify our operations. Our probable inability to diversify our activities into more than one business area will subject us to economic fluctuations within the Internet industry and therefore increase the risks associated with our operations.

If there are changes in regulations or user concerns regarding privacy and protection of user data, or we fail to comply with such laws, we may face claims brought against us under any of these regulations and it could adversely affect our business.

Federal, state 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 regulations of privacy and protection of user data or with any data-related consent orders, Federal Trade Commission requirements or orders, or other federal, state, or international privacy or consumer protection-related laws, regulations or industry self-regulatory principles could result in proceedings or actions against us by governmental entities or others, which could potentially have an adverse effect on our business. As a company that provides services over the Internet, we may be subject to a claim or class-action lawsuit brought under any of these or future laws governing online services. The successful assertion of these claims against us could result in potentially significant monetary damages, diversion of management resources and require us to make significant payments and incur substantial legal expenses. Even if a claim is not successfully pursued to judgment by a claimant, we may still incur substantial legal expenses defending against such a claim. In either situation, any claims with respect to violation of privacy or user data brought against us may adversely affect our business.

The costs to meet our reporting requirements as a public company subject to the Exchange Act of 1934 is substantial and may result in us having insufficient funds to operate our business.

We are a public reporting company in the United States and, accordingly, subject to the information and reporting requirements of the Securities Exchange Act of 1934 and other federal securities laws, and the compliance obligations of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley). We will incur ongoing expenses associated with professional fees for accounting and legal expenses associated with being a public company. We estimate that these costs will range up to \$300,000 per year for the next few years. Those fees will be higher if our business volume and activity increases. Those obligations will reduce resources to fund our operations and may limit us in expanding our operations.

We operate as a public company, which means we are subject to evolving corporate governance and public disclosure regulations that may result in additional expenses and continuing uncertainty regarding the application of such regulations.

Changing laws, regulations, and standards relating to corporate governance and public disclosure, including Sarbanes-Oxley and related rules and regulations, are creating uncertainty for public companies. We are presently evaluating and monitoring developments with respect to new and proposed rules and cannot predict or estimate the amount of the additional compliance costs we may incur or the timing of such costs. These new or changed laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by courts and regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Maintaining appropriate standards of corporate governance and public disclosure may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In addition, if we fail to comply with new or changed laws, regulations, and standards, regulatory authorities may initiate legal proceedings against us and our business and our reputation may be harmed.

We also expect these new rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board of Directors or as executive officers.

We are currently evaluating and monitoring developments with respect to these new rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

#### Risks Related to Owning our Common Stock:

Volatility of stock price may restrict sale opportunities.

Our stock price is affected by a number of factors, including stockholder expectations, financial results, the introduction of new products by us and our competitors, general economic and market conditions, estimates and projections by the investment community and public comments by other persons, and many other factors, many of which are beyond our control. We may be unable to achieve analysts' revenue or earnings forecasts, which may be based on projected volumes and sales of many product types and/or new products, certain of which are more profitable than others. There can be no assurance that we will achieve projected levels of revenues. As a result, our stock price is subject to significant volatility and stockholders may not be able to sell our stock at attractive prices.





Our shares may have limited liquidity.

A portion of our shares of common stock will be subject to registration, and will be closely held by certain insider investors. Consequently, the public float for the shares may be highly limited. As a result, should stockholders wish to sell shares into the open market they may encounter difficulty selling large blocks of shares or obtaining a suitable price at which to sell their shares.

Our stock price may be volatile, which may result in losses to our stockholders.

The stock markets have experienced significant price and trading volume fluctuations, and the market prices of companies quoted on the Over-The-Counter Bulletin Board and OTCQB, where our shares of common stock are quoted, generally have been very volatile and have experienced sharp share price and trading volume changes. The trading price of our common stock is likely to be volatile and could fluctuate widely in response to many of the following factors, some of which are beyond our control:

- variations in our operating results;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- changes in operating and stock price performance of other companies in our industry;
- additions or departures of key personnel; and
- future sales of our common stock.

Domestic and international stock markets often experience significant price and volume fluctuations. These fluctuations, as well as general economic and political conditions unrelated to our performance, may adversely affect the price of our common stock. In particular, the market prices for stocks of companies often reach levels that bear no established relationship to the operating performance of these companies. These market prices are generally not sustainable and could vary widely.

Our management owns a substantial portion of our outstanding common stock, which enables them to influence many significant corporate actions and in certain circumstances may prevent a change in control that would otherwise be beneficial to our stockholders.

Our management beneficially controls approximately 33% of our outstanding shares of common stock as of June 25, 2012. Such concentrated control could have a substantial impact on matters requiring the vote of the stockholders, including the election of our directors and most of our corporate actions. This control could delay, defer, or prevent others from initiating a potential merger, takeover or other change in our control, even if these actions would benefit our stockholders and us. This control could adversely affect the voting and other rights of our other stockholders and could depress the market price of our common stock.

Our common shares may be thinly-traded, and our stockholders may be unable to sell at or near ask prices or at all if they need to sell their shares to raise money or otherwise desire to liquidate such shares.

We cannot predict the extent to which an active public market for our common stock will develop or be sustained due 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, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. 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 which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We

cannot give any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained.

The market for our common shares may be characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will be more volatile than a seasoned issuer for the indefinite future. The potential volatility in our share price is attributable to a number of factors. First, as noted above, our common shares may be sporadically and/or thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer that could better absorb those sales without adverse impact on its share price. Secondly, an investment in us is a speculative or “risky” investment due to our lack of significant revenues or profits to date and uncertainty of future market acceptance for current and potential products. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer.

We do not anticipate paying any cash dividends.

We presently do not anticipate that we will pay any dividends on any of our capital stock in the foreseeable future. The payment of dividends, if any, would be contingent upon our revenues and earnings, if any, capital requirements, and general financial condition. The payment of any dividends will be within the discretion of our Board of Directors. We presently intend to retain all earnings, if any, to implement our business plan; accordingly, we do not anticipate the declaration of any dividends in the foreseeable future.

Our common stock may be subject to penny stock rules, which may make it more difficult for our stockholders to sell their common stock.

Broker-dealer practices in connection with transactions in “penny stocks” are regulated by certain penny stock rules adopted by the SEC. Penny stocks generally are equity securities with a price of less than \$5.00 per share. The penny stock rules require a broker-dealer, prior to a purchase or sale of a penny stock not otherwise exempt from the rules, to deliver to the customer a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer’s account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules.

Volatility in our common stock price may subject us to securities litigation.

The market for our common stock is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management’s attention and resources.

We may need additional capital, and the sale of additional shares or other equity securities could result in additional dilution to our stockholders.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the near future. We may, however, require additional cash resources due to

changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities will result in additional dilution to our stockholders. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing, if necessary, will be available in amounts or on terms acceptable to us, if at all.

The exercise of outstanding options and warrants to purchase our common stock could substantially dilute your investment, impede our ability to obtain additional financing, and cause us to incur additional expenses.

Under the terms of our outstanding options and warrants to purchase our common stock issued to employees and others, the holders are given an opportunity to profit from a rise in the market price of our common stock that, upon the exercise of the options and/or warrants, could result in dilution in the interests of our other stockholders. The terms on which we may obtain additional financing may be adversely affected by the existence and potentially dilutive impact of our outstanding options and warrants. In addition, holders of the warrants have registration rights with respect to the common stock underlying such warrants, the registration of which has caused and will continue to cause us to incur a substantial expense.

We have a substantial number of authorized common shares available for future issuance that could cause dilution of our stockholders' interest and adversely impact the rights of holders of our common stock.

We have a total of 975,000,000 shares of common stock authorized for issuance. As of July 9, 2012, we had approximately 917,000,000 shares of common stock available for issuance. We have reserved 4,959,750 shares for issuance upon the exercise of outstanding options and 6,918,798 shares for issuance upon the exercise of outstanding warrants. We may seek financing that could result in the issuance of additional shares of our capital stock and/or rights to acquire additional shares of our capital stock. We may also make acquisitions that result in issuances of additional shares of our capital stock. Those additional issuances of capital stock would result in a significant reduction of your percentage interest in us. Furthermore, the book value per share of our common stock may be reduced. This reduction would occur if the exercise price of any issued warrants, the conversion price of any convertible notes is lower than the book value per share of our common stock at the time of such exercise or conversion.

The addition of a substantial number of shares of our common stock into the market or by the registration of any of our other securities under the Securities Act of 1933 may significantly and negatively affect the prevailing market price for our common stock. The future sales of shares of our common stock issuable upon the exercise of outstanding warrants and options may have a depressive effect on the market price of our common stock, as such warrants and options would be more likely to be exercised at a time when the price of our common stock is greater than the exercise price.

Our board of directors has the authority, without stockholder approval, to issue preferred stock with terms that may not be beneficial to common stockholders and may grant voting powers, rights and preference that differ from or may be superior to those of the registered shares.

Our articles of incorporation allow us to issue 25,000,000 shares of preferred stock without any vote or further action by our stockholders. Our board of directors has the authority to fix and determine the relative rights and preferences of preferred stock. Our board of directors also has the authority to issue preferred stock without further stockholder approval, including large blocks of preferred stock. As a result, our board of directors could authorize the issuance of a series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of common stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock.

Item 1B. Unresolved Staff Comments.

None.



## Item 2. Properties.

We do not own any interests in real estate. We lease approximately 2,646 square feet of office space located at 20300 Venture Blvd., Suite 330, Woodland Hills, California. The term of our lease is for twelve months and expires on June 30, 2013. Our rent is \$4,966 per month. We believe that our facilities are adequate for our needs.

## Item 3. Legal Proceedings.

We are not currently a party to any legal proceedings.

## Item 4. Mine Safety Disclosures.

Not applicable.

## PART II

## Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information. Our common stock is quoted on the OTC Bulletin Board and OTCQB under the symbol "CRWG." For the periods indicated below, the following table sets forth the high and low bid prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

|                         | High (\$) | Low (\$) |
|-------------------------|-----------|----------|
| <b>Fiscal Year 2012</b> |           |          |
| First Quarter           | \$ 1.02   | \$ 0.41  |
| Second Quarter          | \$ 0.70   | \$ 0.20  |
| Third Quarter           | \$ 0.20   | \$ 0.11  |
| Fourth Quarter          | \$ 0.50   | \$ 0.23  |
| <b>Fiscal Year 2011</b> |           |          |
| First Quarter           | \$ 1.33   | \$ 0.90  |
| Second Quarter          | \$ 1.13   | \$ 0.87  |
| Third Quarter           | \$ 1.88   | \$ 0.87  |
| Fourth Quarter          | \$ 1.55   | \$ 0.80  |

Holders. The approximate number of stockholders of record at June 25, 2012 was 57. The number of stockholders of record does not include beneficial owners of our common stock, whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries.

Dividends. We have never declared or paid a cash dividend on our capital stock. We do not expect to pay cash dividends on our common stock in the foreseeable future. We currently intend to retain our earnings, if any, for use in our business. Any dividends declared in the future will be at the discretion of our Board of Directors and subject to any restrictions that may be imposed by our lenders.

Securities Authorized for Issuance under Equity Compensation Plans. The table below includes the following information as of April 30, 2012 for CrowdGather, Inc. 2008 Stock Option and Award Plan.

Equity Compensation Plan Information

| Plan category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br><br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br><br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br><br>(c) |
|--|--|--|--|
| Equity compensation plans approved by security holders     | 4,959,750  | 0.99   | 7,040,250  |
| Equity compensation plans not approved by security holders | 0  | 0  | 0  |
| <b>Total</b>   | <b>4,959,750</b>   | <b>0.99</b>  | <b>7,040,250</b>   |

Recent Sales of Unregistered Securities. The following sales of unregistered securities by us occurred during the year ended April 30, 2012.

On May 1, 2011, we issued 60,000 shares of common stock to a consultant for a six month service contract. The shares were valued at \$61,200 based on the fair value of shares on the date of the agreement. The stock-based expense for these shares included in operating expenses for the year ended April 30, 2012 was \$61,200. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On May 20, 2011, we issued 1,149,425 shares of common stock to PbNation, LLC (“PbNation”) in connection with our purchase of the websites and domain names related to PbNation and its enthusiasts valued at \$1,000,000, or \$0.87 per share. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

Also on May 20, 2011, we issued 117,647 shares of common stock to one individual in connection with our purchase Pocketables.com valued at \$100,000, or \$0.85 per share. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On May 26, 2011, we issued 22,989 shares of common stock to a consultant in exchange for services provided in connection with our acquisition of PbNation.com. Those services were valued at \$19,541, or \$0.85 per share. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.





On June 24, 2011, we issued 37,500 shares of common stock to one individual in connection with our purchase of Writers.net valued at \$30,000, or \$0.85 per share. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On July 21, 2011, we issued 178,724 shares of common stock to a consultant for a twelve month service contract. The shares were valued at \$84,000 based on the fair value of shares on the date of the agreement. The stock-based expense for these shares included in operating expenses for the year ended April 30, 2012 was \$65,333 with the remaining \$18,667 to be amortized over the remaining life of the contract. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On July 23, 2011, we issued 482,029 shares of common stock to six consultants pursuant to service agreements that we entered in connection with our acquisition of Lefora in the prior year that was previously accrued and recorded as a common stock issuance obligation. The shares were valued total value of \$300,000, or \$0.62 per share. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On October 1, 2011, we entered into an agreement for consulting services with a term of six months. The agreement provides that the consultant is paid a monthly fee of \$6,500 and is issued 60,000 warrants to purchase our common stock at \$0.26 per share. The warrants vest over the six month term at 10,000 warrants per month, expire in three years and have a cashless exercise provision. The warrants were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On October 4, 2011, we entered into an agreement for consulting services with a term of three months. The agreement provides that the consultant is paid monthly cash compensation of \$2,000 and monthly stock compensation of \$1,000. We issued 12,000 shares of our common stock to the consultant, or \$0.25 per share, the closing price on October 4, 2011. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On November 1, 2011, we entered into an agreement for consulting services with a term of 90 days. This agreement provided that the consultant be paid monthly cash compensation of \$1,500 and monthly stock compensation of 8,500 shares of our common stock. We issued 25,500 shares of our common stock to the consultant. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On November 4, 2011, we entered into an agreement for consulting services with a term of twelve months. This agreement provides that the consultant is paid monthly cash compensation of \$4,000 and stock compensation of \$12,000. We issued 63,158 shares of our common stock to the consultant, or \$0.19 per share, the closing price on November 4, 2011. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the

SEC.

On January 5, 2012, we entered into an agreement for consulting services with a term of three months. This agreement provides that the consultant is paid monthly cash compensation of \$2,000 and monthly stock compensation of \$1,000. We issued 27,273 shares of our common stock to the consultant, or \$0.11 per share, the closing price on January 5, 2012. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

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On February 1, 2012, we entered into an agreement for consulting services with a term of two months. This agreement provided that the consultant be paid monthly cash compensation of \$1,500 and stock compensation of 8,500 shares of our common stock. We issued 17,000 shares of our common stock to the consultant. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On March 1, 2012, we entered into an agreement for consulting services with a term of three months. The agreement provides that the consultant is paid a monthly fee of \$6,000 and stock compensation of 25,000 shares of our common stock. We issued 25,000 shares of our common stock to the consultant. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On April 1, 2012, we entered into an agreement for consulting services with a term of two months. This agreement calls for monthly cash compensation of \$2,500 and monthly stock compensation of 3,000 shares of our common stock. We issued 6,000 shares of our common stock to the consultant. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

On April 24, 2012, we entered into an agreement for consulting services with a term of three months. This agreement provides that the consultant is paid monthly cash compensation of \$2,000 and monthly stock compensation of \$1,000. We issued 10,000 shares of our common stock to the consultant, or \$0.30 per share, the closing price on April 24, 2012. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Regulation D promulgated pursuant to that act by the SEC.

Use of Proceeds of Registered Securities. There were no sales or proceeds during the calendar year ended April 30, 2012, for the sale of registered securities.

Purchases of Equity Securities. None during the period covered by this report.

Penny Stock Regulation. Shares of our common stock will probably be subject to rules adopted the SEC that regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in those securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure document prepared by the SEC, which contains the following:

- a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
  - a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to violation to such duties or other requirements of securities' laws;
  - a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the "bid" and "ask" price;
  - a toll-free telephone number for inquiries on disciplinary actions;
  - definitions of significant terms in the disclosure document or in the conduct of trading in penny stocks;
- and

- such other information and is in such form (including language, type, size and format), as the SEC shall require by rule or regulation.

Prior to effecting any transaction in penny stock, the broker-dealer also must provide the customer the following:

- the bid and offer quotations for the penny stock;
- the compensation of the broker-dealer and its salesperson in the transaction;
- the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for a stock that becomes subject to the penny stock rules. Holders of shares of our common stock may have difficulty selling those shares because our common stock will probably be subject to the penny stock rules.

#### Item 6. Selected Financial Data.

Not applicable.

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

**Critical Accounting Policies and Estimates.** Our Management's Discussion and Analysis of Financial Condition and Results of Operations section discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements 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 revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, contingencies and litigation. We base our estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources. In addition, these accounting policies are described at relevant sections in this discussion and analysis and in the notes to the financial statements included in this report for the year ended April 30, 2012.

**Overview.** We are an Internet company that specializes in monetizing a network of online forums and message boards designed to engage, provide information to and build community around users. We are in the process of building what we hope will become one of the largest social, advertising, and user generated content networks by consolidating existing groups of online users that post on message boards and forums. Our goal is to create the world's best user experience for forum communities, and world class service offerings for forum owners. We believe that the communities built around message boards and forums are one of the most dynamic sources of information available on the web because forums are active communities built around interest and information exchange on specific topics.

Our network is comprised of two components: branded forum communities and third-party hosted communities that are built on one of our forum hosting platforms. The branded communities, such as pbnation.com and rapmusic.com are wholly owned by us and we monetize them through a combination of text and display ads. The third-party hosted communities, which comprise the majority of our revenues, traffic, and page views, are sites built upon our leading forum hosting platforms – Yuku.com, Freeforums.org, forumer.com and Lefora.com. On these sites we monetize the web traffic through a combination of Internet advertising mediums at our discretion in exchange for providing free software, support, and hosting. In some instances, we may derive subscription revenues in lieu of advertising revenues because the creator of the site has decided to pay us a monthly fee in exchange for providing an ad free experience for their members. Our goal is to ultimately build an advertising network that allows for us to leverage the targeted demographics of the combined network in order to generate the highest advertising rates for all of our member sites.

Part of our growth strategy includes identifying and acquiring web properties and developing our ad server technology. In the last year we have been researching potential opportunities to acquire online forums within targeted content and advertising verticals in our industry in order to expand our operations. In addition to the over 81 properties and 599 domain names acquired to date, we also maintain ongoing discussions with representatives of certain web properties and other companies that may be interested in being acquired by us or entering into a joint venture agreement with us.

**PB Nation.** On May 24, 2011, we acquired the domain name, website, and assets related to www.PbNation.com, one of the largest online paintball communities.

**Writers.net.** On June 24, 2011, we acquired the domain name, website, and assets related to www.writers.net. Writers.net is an internet directory of writers, editors, publishers and literary agents.

**Yuku.com.** On September 7, 2011, we acquired the domain name, website, and assets related to www.yuku.com. Yuku.com is an online, third-party hosted free forum community.

During the year ended April 30, 2012, we focused a significant portion of business efforts on improving our ability to better serve advertisers and our forum communities, and to help contribute to our long-term viability. Thus, we started a number of initiatives in fiscal 2012 that are continuing into fiscal 2013, which include the ongoing development of our ad server, the display of quality content throughout our network and ongoing feature development for all of our network platforms.

We recognize that many online advertisers seek engagement with online enthusiasts and users who are passionate about specific topics and products. We believe that forums offer a significant opportunity to advertisers, as they are tightly knit social communities with concentrations of influencers who are often experts on the forum subject matter. Forum users have traditionally been inaccessible to advertisers with larger budgets and who prefer making broad category or vertically specific purchases. Therefore, we are dedicated to deploying in the second quarter of our fiscal year 2013 the redeveloped ad server acquired during the Adisn acquisition that will help us connect advertisers to our users. We anticipate that our customized, forum specific ad server can be leveraged by advertisers seeking scale and reach into specific vertical interest categories comprised of various forums from across our network. While we continue to review potential acquisition targets, our ad server will also help create the opportunity for us to partner with forums, whereby forum owners can utilize the server to make available either some or their entire ad inventory and participate in a revenue share. We believe these forum owners will be able to avail themselves of higher CPMs than they would otherwise find through a typical ad network because of their participation in our aggregated categories.

We anticipate that advertisers and forum owners will be able to access our ad server via self-service web portals with similar functionality currently available on Facebook Ads or the Google platform. Advertisers will use the self-service portal to register, upload creatives and start campaigns. Forum owners will have the flexibility to make

some or their entire inventory available to the ad exchange, depending on their preferences. Larger brand advertisers and their agencies will still have personalized service and direct engagement from our sales team. In addition to traditional display advertising, we will also offer content marketing in the form of sponsored posts.



We are committed to delivering quality, brand safe content for advertisers. Since advertisers are drawn to quality content and clean home pages, we have been working diligently to improve our brand sites. We recently relaunched Digishoptalk.com and Pockatables.com and are continuing to identify properties for improvement opportunities. We also have thousands of moderators and forum administrators patrolling our network, and while we are developing a proprietary solution, we are currently using a third party vendor to consistently identify and prune non-monetizable content that violates our terms of service. Additionally, some of the content is international, and from countries for which there are limited advertising opportunities. We estimate that the ongoing removal of non-monetizable content that also violates its terms of service may reduce our total pageviews by 20 to 30 million per month, to a total that ranges between 180 to 190 million monthly pageviews network wide, depending on normal traffic cyclicity. However, we do not expect any significant impact to revenue from such pruning since we are not monetizing over 10-15% of the network, and we should realize an immediate lift to RPM, or revenue per thousand impressions.

During April 2012, we reached over 220 million monthly page views across all properties compared to 140 million monthly page views during April 2011, and had over 18 million monthly unique visitors compared to 15 million monthly uniques a year earlier. As of May 3, 2012, approximately 26.1 million users have registered on our network sites, with 70.1 million total discussions and nearly 1.2 billion individual replies. Based upon current statistics from Google analytics, our network of forums is currently generating approximately 200 to 210 million monthly page views and over 17 million monthly unique visitors. Based on our research, we believe the recent decline in pageview traffic appears to be due to a slowdown caused by summer cyclicity, the aforementioned pruning of non-monetizable content that violates our terms of service, and also because of the Amazon Web Services (AWS) outage that occurred late on June 14, 2012. AWS is a cloud hosting service that is used by many large online companies to store data and execute operations. The AWS outage that detrimentally affected popular web sites such as Quora.com, Pinterest.com and Dropbox.com, also significantly impacted the traffic on our Yuku.com platform from June 14 into June 15, 2012. Prior to the AWS outage on June 14, 2012 and the recent AWS outage on June 29, 2012 that shut down popular sites like Netflix.com and Instagram.com, we decided as part of our risk mitigation strategy to begin planning for and moving our third-party hosted sites from the cloud to our own network operating center in downtown Los Angeles. We believe our network operating center provides us greater uptime, and also stability and control of our sites. Upon completion of the migration of our third-party hosted sites into our network operating center, we also expect to begin realizing savings ranging from approximately \$12,000 to \$25,000 per month. The savings will be the result of the difference between the higher cost monthly utilization payments currently made to AWS versus our monthly equipment lease payment and expected lower operating costs.

Additionally, we continue to conduct ongoing software development across all of our network properties to keep improving the administrator and user experience in the communities. We are constantly working toward offering our communities favorable terms, feature and incentives to help them grow and prosper. Some of our upcoming changes will include offering mobile applications, new user interfaces and layout capabilities, and many other exciting opportunities.

The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements for the year ended April 30, 2012, together with notes thereto, which are included in this report.

For the year ended April 30, 2012 as compared to the year ended April 30, 2011.

#### Results of Operations

**Revenues and Gross Profit.** We realized revenues of \$1,932,798 for the year ended April 30, 2012, as compared to revenues of \$1,580,957 for the year ended April 30, 2011.

During the year ended April 30, 2011, revenues from our wholly owned subsidiary, Adisn, Inc., accounted for over 50% of our revenue. However, subsequent to the successful completion of a financing in March 2011, we focused primarily on our core business of monetizing forums, which has resulted in higher gross profit along with increasing revenues. During the year ended April 30, 2012, we also benefitted from acquisitions such as pbnation.com and yuku.com that help add high-margin revenue by providing additional advertising inventory for monetization.

Our cost of revenue for the year ended April 30, 2012, was \$121,334, as compared to cost of revenue of \$775,514 for the year ended April 30, 2011. The decrease in cost of revenue was directly related to the termination of Adisn's revenue model, which previously required us to purchase ad inventory in order to deliver advertising campaigns on behalf of direct advertisers and their agencies, and focusing on monetizing our own forum advertising inventory.

To implement our business plan during the next twelve months, we need to generate increased revenues by expanding our online forum offerings and increasing the capabilities of our existing online forums. Our failure to do so will hinder our ability to increase the size of our operations and to generate additional revenues. If we are not able to generate additional revenues to cover our operating costs, we may not be able to expand our operations.

**Operating Expenses.** For the year ended April 30, 2012, our total operating expenses were \$4,925,759 as compared to total operating expenses of \$3,688,684 for the year ended April 30, 2011. The increase between the comparable periods is primarily due to an increase of \$787,432 in payroll and related expenses from hiring new personnel to achieve strategic objectives, which increased from \$881,857 for the year ended April 30, 2011 to \$1,669,289 for the year ended April 30, 2012. We also had an increase in general and administrative expenses, which increased \$356,299 from \$2,806,827 for the year ended April 30, 2011 to \$3,163,126 for the year ended April 30, 2012 as a result of our acquisitions and the corresponding expansion of our operations. We also had an impairment loss of our customer list related to the Adisn acquisition of \$93,344 for the period ended April 30, 2012 due to the change of our Adisn revenue model.

We anticipate we will make acquisitions of additional web properties, which will result in our future monthly operating expenses increasing from our current expense levels due to integration of the related online assets. Also, we may incur other costs relating to newly acquired websites. We will continue to incur significant general and administrative expenses, but also expect to generate increased revenues after further developing our business.

**Other Income (Expense).** For the year ended April 30, 2012, we had other income (net) of \$8,372 consisting solely of interest income. By comparison, for the year ended April 30, 2011, we had other income (net) of \$71,813 consisting of interest income of \$2,590, interest expense of \$4,405, and gain on settlement of debt of \$73,628.

**Net Loss.** For the year ended April 30, 2012, our net loss was \$3,106,723, as compared to a net loss of \$2,812,228 for the year ended April 30, 2011.

**Liquidity and Capital Resources.** Our total assets were \$16,349,400 as of April 30, 2012, which consisted of cash of \$2,328,492, accounts receivable of \$42,995, inventory of \$35,132, prepaid expenses and deposits of \$88,932, property and equipment with a net value of \$131,175, intangible and other assets of \$9,333,928, represented by our domain names and other intellectual property owned, and goodwill of \$4,360,176 related to our acquisition of Adisn, and investments of \$28,570. By comparison, as of April 30, 2011, our total assets were \$17,306,181, which consisted of cash of \$6,667,901, accounts receivable of \$243,917, prepaid expenses of \$49,729, property and equipment with a net value of \$172,751, intangible assets of \$5,811,707, represented by our domain names and other intellectual property owned, and goodwill of \$4,360,176 related to our acquisition of Adisn.

As of June 1, 2012, we have entered into a master lease agreement with Dell Financial Services in the amount of \$209,384 payable over 24 months with a monthly payment of \$9,326. This takes care of all equipment needs for migration of our third-party hosted sites into our network operating center, through which we expect to begin realizing savings ranging from approximately \$12,000 to \$25,000 per month.

Our current liabilities as of April 30, 2012 totaled \$110,453, compared to our current liabilities as of April 30, 2011, which totaled \$159,951. The decrease in current liabilities between the two periods is primarily due to the payment of accounts payable vendors within a shorter time frame as well as the reduction of accrued payroll and benefits. We had no other liabilities and no long-term commitments or contingencies at April 30, 2012.



As of April 30, 2012, we had cash of \$2,328,492. We estimate that our cash on hand will be sufficient for us to continue and expand our current operations for at least the next twelve months. Our forecast for the period for which our financial resources will be adequate to support our operations involves risks and uncertainties and actual results could differ as a result of a number of factors. Based on our projections and the monetization of our existing ad inventory, including the completion of ongoing initiatives such as the deployment of our ad server that should result in a higher RPM, we believe we have sufficient capital to achieve cash flow break even without having to seek additional funds and capital investment.

The majority of our research and development activity is focused on development of our proprietary software systems such as our forum advertising server. We expect to invest under \$50,000 for research and development over the next twelve months.

We do not anticipate that we will purchase any significant equipment except for computer equipment, which will cost approximately \$210,000 over the next-twenty four months.

We do not anticipate any significant changes in the number of employees unless we significantly increase the size of our operations. We believe that we do not require the services of additional independent contractors to operate at our current level of activity. However, if our level of operations increases beyond the level that our current staff can provide, we may need to supplement our staff in this manner.

Contractual Obligations and Reserves.

None.

Off-balance Sheet Arrangements.

We had no off-balance sheet arrangements at April 30, 2012.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

The financial statements required by Item 8 are presented in the following order:

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
Crowdgather, Inc.

We have audited the accompanying consolidated balance sheets of Crowdgather, Inc. as of April 30, 2012 and 2011 and the related statements of operations, changes in stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 financial position of Crowdgather, Inc. as of April 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Q Accountancy Corporation

Irvine, California  
July 9, 2012

CROWDGATHER, INC.  
CONSOLIDATED BALANCE SHEETS  
APRIL 30, 2012 AND 2011

|   | 2012                 | 2011                 |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| <b>Current assets</b>   |                      |                      |
| Cash  | \$ 2,328,492         | \$ 6,667,901         |
| Investments   | 28,570               | -                    |
| Accounts receivable   | 42,995               | 243,917              |
| Inventory   | 35,132               | -                    |
| Prepaid expenses and deposits   | 88,932               | 49,729               |
| <b>Total current assets</b>   | <b>2,524,121</b>     | <b>6,961,547</b>     |
| Property and equipment, net of accumulated depreciation of \$241,569 and \$140,804, respectively    | 131,175              | 172,751              |
| Intangible and other assets, net of accumulated amortization of \$15,224 and \$30,940, respectively | 9,333,928            | 5,811,707            |
| Goodwill  | 4,360,176            | 4,360,176            |
| <b>Total assets</b>   | <b>\$ 16,349,400</b> | <b>\$ 17,306,181</b> |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Current liabilities</b>   |                   |                   |
| Accounts payable   | \$ 54,095         | \$ 82,805         |
| Accrued vacation   | 27,468            | 13,111            |
| Other accrued liabilities  | 28,890            | 64,035            |
| <b>Total current liabilities</b>   | <b>110,453</b>    | <b>159,951</b>    |
| <b>Stockholders' equity</b>  |                   |                   |
| Preferred Series A stock, \$0.001 par value, 25,000,000 shares authorized,-0- shares issued and outstanding                    | -                 | -                 |
| Common stock, \$0.001 par value, 975,000,000 shares authorized, 58,234,216 and 57,089,408 issued and outstanding, respectively | 58,234            | 57,089            |
| Common stock obligation  | -                 | 3,784,322         |
| Additional paid-in capital   | 28,436,644        | 22,432,597        |
| Accumulated deficit  | (12,234,501)      | (9,127,778)       |
| Accumulated other comprehensive loss   | (21,430)          | -                 |
| <b>Total stockholders' equity</b>  | <b>16,238,947</b> | <b>17,146,230</b> |



Total liabilities and stockholders' equity \$ 16,349,400 \$ 17,306,181

See accompanying notes to financial statements.

CROWDGATHER, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

|  | 2012           | 2011           |
|--|----------------|----------------|
| Revenue  | \$ 1,932,798   | \$ 1,580,957   |
| Cost of revenue  | 121,334        | 775,514        |
| Gross profit   | 1,811,464      | 805,443        |
| Operating expenses                                     |                |                |
| Payroll and related expenses                           | 1,669,289      | 881,857        |
| General and administrative                             | 3,163,126      | 2,806,827      |
| Impairment of intangible asset                         | 93,344         | -              |
| Total operating expenses                               | 4,925,759      | 3,688,684      |
| Loss from operations                                   | (3,114,295)    | (2,883,241)    |
| Other income (expense), net                            | 8,372          | 71,813         |
| Net loss before provision for income taxes             | (3,105,923)    | (2,811,428)    |
| Provision for income taxes                             | 800            | 800            |
| Net loss   | \$ (3,106,723) | \$ (2,812,228) |
| Weighted average shares outstanding- basic and diluted | 58,329,316     | 44,904,994     |
| Net loss per share – basic and diluted                 | \$ (0.05)      | \$ (0.06)      |

See accompanying notes to financial statements.

CROWDGATHER, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
APRIL 30, 2012 AND 2011

|  | Preferred Series A |        | Common Stock |        | Common<br>Stock<br>Issuance<br>Obligation | Paid-in<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income/(Loss) | Total     |
|--|--------------------|--------|--------------|--------|---|--------------------|------------------------|--|-----------|
|  | Shares             | Amount | Shares       | Amount |   |                    |                        |  |           |
| Balance,<br>April 30,<br>2010                                  | -                  | -      | 39,823,462   | 39,823 | -   | 8,763,661          | (6,315,550)            | -  | 2,487,934 |
| Shares<br>issued for<br>cash, net<br>of fees                   | 1,300,000          | 1,300  | 8,564,935    | 8,565  | -   | 8,913,999          | -                      | -  | 8,923,864 |
| Shares<br>issued for<br>services                               | -                  | -      | 380,204      | 380    | 384,600                                   | 475,020            | -                      | -  | 860,000   |
| Shares<br>issued for<br>prepaid<br>expenses                    | -                  | -      | 18,000       | 18     | -   | 15,642             | -                      | -  | 15,660    |
| Shares<br>issued for<br>accrued<br>liabilities                 | -                  | -      | 16,437       | 16     | -   | 29,984             | -                      | -  | 30,000    |
| Shares<br>issued for<br>purchase<br>of<br>intangible<br>assets | -                  | -      | 5,508,610    | 5,509  | 3,399,722                                 | 3,604,569          | -                      | -  | 7,009,800 |
| Exercise<br>of stock<br>options                                | -                  | -      | 177,760      | 178    | -   | 17,022             | -                      | -  | 17,200    |

CROWDGATHER, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
APRIL 30, 2012 AND 2011

|   | Preferred Series A |         | Common Stock |          | Common<br>Stock<br>Issuance<br>Obligation | Paid-in<br>Capital | Accumuated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income/(Loss) |     |
|---|--------------------|---------|--------------|----------|---|--------------------|-----------------------|--|-----|
|   | Shares             | Amount  | Shares       | Amount   |   |                    |                       |  |     |
| Conversion of shares                            | (1,300,000)        | (1,300) | 2,600,000    | 2,600    | -   | (1,300 )           | -                     | -  | -   |
| Amortization of stock options                   | -                  | -       | -            | -        | -   | 614,000            | -                     | -  | 61  |
| Net (loss) for the year ended April 30, 2011    | -                  | -       | -            | -        | -   | -                  | (2,812,228)           | -  | (2) |
| Balance, April 30, 2011                         | -                  | -       | 57,089,408   | 57,089   | 3,784,322                                 | 22,432,597         | (9,127,778)           | -  | 17  |
| Shares issued for services                      | -                  | -       | 424,655      | 425      | -   | 184,305            | -                     | -  | 18  |
| Shares issued for purchase of intangible assets | -                  | -       | 1,809,589    | 1,809    | (2,484,600 )                              | 3,632,331          | -                     | -  | 1,  |
| Cancellation of shares for intangible assets    | -                  | -       | (1,089,436)  | (1,089 ) | (1,299,722)                               | 1,300,811          | -                     | -  | -   |

CROWDGATHER, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
APRIL 30, 2012 AND 2011

|   | Preferred Series A |        |            | Common Stock |      | Common Stock Issuance Obligation | Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income/(Loss) | Total         |
|---|--------------------|--------|------------|--------------|------|----------------------------------|-----------------|---------------------|---|---------------|
|   | Shares             | Amount | Shares     | Amount       |      |                                  |                 |                     |   |               |
| Value of warrants issued                      | -                  | -      | -          | -            | -    | 15,600                           | -               | -                   | -   | 15,600        |
| Amortization of stock options                 | -                  | -      | -          | -            | -    | 871,000                          | -               | -                   | -   | 871,000       |
| Unrealized loss available for sale securities | -                  | -      | -          | -            | -    | -                                | -               | -                   | (21,430)                                      | (21,430)      |
| Net (loss) for the year ended April 20, 2012  | -                  | -      | -          | -            | -    | -                                | -               | (3,106,723)         | -   | (3,106,723)   |
| Balance April 30, 2012                        | -                  | -      | 58,234,216 | \$ 58,234    | \$ - | \$ 28,436,644                    | \$ (12,234,501) | (21,430)            |   | \$ 16,238,947 |

## CROWDGATHER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

|   | 2012           | 2011           |
|---|----------------|----------------|
| Cash flows from operating activities:                                       |                |                |
| Net loss  | \$ (3,106,723) | \$ (2,812,228) |
| Adjustments to reconcile net loss to net cash used in operating activities: |                |                |
| Depreciation and amortization   | 131,705        | 89,887         |
| Stock-based compensation  | 871,000        | 614,000        |
| Stock issued for services   | 182,657        | 860,000        |
| Impairment of customer list   | 93,344         | -              |
| Changes in operating assets and liabilities:                                |                |                |
| Accounts receivable   | 200,922        | (178,078)      |
| Inventory   | (35,132)       | -              |
| Advance to employee   | -              | 25,615         |
| Prepaid expenses and deposits   | (21,531)       | (12,203)       |
| Accounts payable and accrued liabilities                                    | (49,498)       | (481,975)      |
| Net cash used in operating activities                                       | (1,733,256)    | (1,894,982)    |
| Cash flows from investing activities:                                       |                |                |
| Purchase of property and equipment  | (59,189)       | (107,450)      |
| Purchase of investments   | (50,000)       | -              |
| Purchase of intangible assets   | (2,496,964)    | (844,032)      |
| Acquisitions, net of cash   | -              | (16,107)       |
| Net cash used in investing activities                                       | (2,606,153)    | (967,589)      |
| Cash flows from financing activities:                                       |                |                |
| Proceeds from the issuance of preferred stock                               | -              | 1,290,363      |
| Proceeds from the issuance of common stock, net of expenses                 | -              | 7,650,701      |
| Net cash provided by financing activities                                   | -              | 8,941,064      |
| Net increase (decrease) in cash   | (4,339,409)    | 6,078,493      |
| Cash, beginning of period   | 6,667,901      | 589,408        |
| Cash, end of period   | \$ 2,328,492   | \$ 6,667,901   |
| Supplemental disclosure of cash flow information:                           |                |                |
| Cash paid for:  |                |                |
| Interest  | \$ -           | \$ -           |
| Income taxes  | \$ 800         | \$ 1,600       |
| Non-cash transactions:  |                |                |
| Issuance of common stock for intangible assets                              | \$ 1,149,541   | \$ 7,009,800   |
| Stock issuance obligation   | \$ 2,699,722   | \$ 3,784,322   |
| Stock-based compensation  | \$ 871,000     | \$ 614,000     |
| Stock issued for services   | \$ 182,657     | \$ 860,000     |

|                                   |    |        |    |   |
|-----------------------------------|----|--------|----|---|
| Stock issued for prepaid expenses | \$ | 35,673 | \$ | - |
|-----------------------------------|----|--------|----|---|

See accompanying notes to financial statements.

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

CrowdGather, Inc. (hereinafter referred to as “we”, “us”, “our”, or “the company”) is a social networking, internet company that specializes in developing and hosting forum based websites and is headquartered in Woodland Hills, California. The Company was incorporated under the laws of the State of Nevada on April 20, 2005.

On June 9, 2010, we acquired Adisn, Inc. through an exchange of stock. As a result, Adisn, Inc. became our wholly-owned subsidiary and provides targeted advertising and marketing services for our online customers.

Principles of Consolidation

The accompanying consolidated financial statements include our activities and our wholly-owned subsidiary, Adisn, Inc. All intercompany transactions have been eliminated.

Use of Estimates

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

Identifiable Intangible Assets

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 350, Intangibles – Goodwill and Other (ASC 350), goodwill and intangible assets with indefinite lives are not amortized but instead are measured for impairment at least annually in the fourth quarter, or when events indicate that impairment exists. As required by ASC 350, in the impairment tests for indefinite-lived intangible assets, we compare the estimated fair value of the indefinite-lived intangible assets, website domain names, using a combination of discounted cash flow analysis and market value comparisons. If the carrying value exceeds the estimate of fair value, we calculate the impairment as the excess of the carrying value over the estimate of fair value and accordingly record the loss.

Intangible assets that are determined to have definite lives are amortized over the shorter of their legal lives or their estimated useful lives and are measured for impairment only when events or circumstances indicate the carrying value may be impaired in accordance with ASC 360, Property, Plant and Equipment discussed below.



CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Impairment of Long-Lived Assets

In accordance with ASC 360, we estimate the future undiscounted cash flows to be derived from the asset to assess whether or not a potential impairment exists when events or circumstances indicate the carrying value of a long-lived asset may be impaired. If the carrying value exceeds our estimate of future undiscounted cash flows, we then calculate the impairment as the excess of the carrying value of the asset over our estimate of its fair value.

Investments

Investments are classified as available for sale and consist of marketable equity securities that we intend to hold for an indefinite period of time. Investments are stated at fair value and unrealized holding gains and losses, net of the related tax effect, are reported as a component of accumulated other comprehensive income until realized. Realized gains or losses on disposition of investments are computed on the "specific identification" method and are reported as income or loss in the period of disposition on our consolidated statements of operations.

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out (FIFO) method.

Revenue Recognition

We currently work with third-party advertising networks and advertisers pay for advertising on a cost per thousand views, cost per click or cost per action basis. All sales are recorded in accordance with ASC 605, Revenue Recognition. Revenue is recognized when all the criteria have been met:

- When persuasive evidence of an arrangement exists.
- The services have been provided to the customer.
- The fee is fixed or determinable.
- Collectability is reasonably assured.

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Cost of Revenue

Our cost of revenue consists primarily of expenses associated with the delivery and distribution of our products. These include expenses related to the operation of our data centers such as facility and server equipment rent expense, energy and bandwidth costs, and support and maintenance costs. Cost of revenue also includes credit card and other transaction fees related to processing customer transactions.

Stock Based Compensation

We account for employee stock option grants in accordance with ASC 718, Compensation – Stock Compensation. ASC 718 establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. ASC 718 requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award - the requisite service period (usually the vesting period).

For options and warrants issued as compensation to non-employees for services that are fully vested and non-forfeitable at the time of issuance, the estimated value is recorded in equity and expensed when the services are performed and benefit is received as provided by ASC 505-50, Equity – Disclosure. For unvested shares, the change in fair value during the period is recognized in expense using the graded vesting method.

Comprehensive Loss

The Company applies ASC No. 220, Comprehensive Income (ASC 220). ASC 220 establishes standards for the reporting and display of comprehensive income or loss, requiring its components to be reported in a financial statement that is displayed with the same prominence as other financial statements. For the fiscal year ended April 30, 2012, the Company's comprehensive loss was \$3,128,153.

Recent Accounting Pronouncements

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, Intangibles — Goodwill and Other (Topic 350) — Testing Goodwill for Impairment (ASU 2011-08), to allow entities to use a qualitative approach to test goodwill for impairment. ASU 2011-08 permits an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the currently prescribed two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. ASU 2011-08 is effective for us in fiscal 2013 and earlier adoption is permitted. We are currently evaluating the impact of our pending adoption of ASU 2011-08 on our consolidated financial statements.

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



CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation.

2. ASSET ACQUISITIONS

On May 17, 2011 we acquired for \$49,900 certain brand assets from Human Pheromone Sciences, Inc., a company engaged in the research, development, manufacturing and marketing of consumer products containing synthetic human pheromones.

On May 20, 2011, we entered into a Website and Domain Name Purchase and Sale Agreement (“PB Purchase Agreement”) with PbNation, LLC (“PbNation”), to acquire the websites and domain names (“Websites”) related to PbNation and its enthusiasts.

The PB Purchase Agreement also provides that we acquire all associated software used in building the Websites, along with the associated user lists, databases, add-ons installed with these forums and associated accounts for the Websites.

The total purchase price of the Websites was \$3,200,000, consisting of: (i) \$1,400,000 payable in cash; (ii) \$1,000,000 payable in 1,149,425 shares of our \$.001 par value common stock (“Shares Payment”); and (iii) certain additional cash and stock compensation totaling approximately \$800,000 based on certain monthly website visitor traffic milestones as specified in the PB Purchase Agreement. The Shares Payment was calculated by dividing \$1,000,000 by \$0.87, which was the 10 day volume weighted average price of our common stock as of May 20, 2011. During the year ended April 30, 2012, we paid \$300,000 of additional cash consideration for the traffic milestones reached related to the acquisition of the Websites.

Also, on May 20, 2011 we issued 117,647 shares of our \$.001 par value common stock valued at \$100,000 for the remaining amount due in connection with our acquisition of Pocketables.com in the prior year.

On June 27, 2011 we acquired the domain name, website, and assets related to Writers.net in exchange for a total purchase price of \$100,000 consisting of: (i) \$70,000 payable in cash and (ii) \$30,000 payable in 37,500 shares of our \$.001 par value common stock. Writers.net is an Internet directory of writers, editors, publishers and literary agents. The site’s founder, Stephan Spencer, joined our advisory board.

On September 7, 2011, we purchased certain websites, domain names and related assets from Inform Technologies, Inc. for \$575,000. In connection with our purchase, we entered into a consulting agreement that required us to pay an additional \$3,333 per month for three (3) months and other contingent consideration of up to \$165,000 if certain conditions are met following the term of the consulting agreement.

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

3. INVENTORY

As of April 30, 2012, inventory consisted of all finished goods of our synthetic human pheromone consumer products in the amount of \$35,132.

4. INVESTMENTS

Pursuant to our agreement with Human Pheromone Sciences, Inc., we converted our \$50,000 advance payment into 714,286 shares of Human Pheromone Sciences, Inc. restricted common stock in January 2012. These securities are classified as available for sale and are stated at fair value. For the year ended April 30, 2012, we incurred an unrealized loss on this investment in the amount of \$21,430.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

|  | April 30,<br>2012 | April 30,<br>2011 |
|--|-------------------|-------------------|
| Furniture, fixtures and office equipment | \$ 30,919         | \$ 17,614         |
| Computers, servers and equipment         | 341,825           | 295,941           |
|  | 372,744           | 313,555           |
| Less: accumulated depreciation           | (241,569)         | (140,804)         |
|  | \$ 131,175        | \$ 172,751        |

Depreciation expense was \$100,765 and \$100,765 for the years ended April 30, 2012 and 2011, respectively.

6. CONCENTRATIONS OF CREDIT RISK

As of April 30, 2012, one customer accounted for 100% of our outstanding receivables. In addition, two customers accounted for approximately 63% of our sales for the year ended April 30, 2012.

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

7. INTANGIBLE ASSETS

We purchased online forums, message boards and website domain names for cash in the amount of \$2,504,494 and stock valued at \$1,149,541 during the year ended April 30, 2012 as detailed in Note 2. Intangibles are either amortized over their estimated lives, if a definite life is determined, or are not amortized if their life is considered indefinite. We account for the intangible assets at cost. Intangible assets acquired in a business combination, if any, are recorded under the purchase method of accounting at their estimated fair values at the date of acquisition. As of April 30, 2012, we recorded \$61,880 of amortization associated with our definite lived intangibles. Intangibles consist of the following:

|                                    | Est. Life  | April 30,<br>2012 | April 30,<br>2011 |
|------------------------------------|------------|-------------------|-------------------|
| Online forums and related websites | Indefinite | \$ 6,909,152      | \$ 3,262,647      |
| Target advertising technology      | Indefinite | 2,250,000         | 2,250,000         |
| Trademarks and trade names         | 10 years   | 190,000           | 190,000           |
| Customer lists                     | 3 years    | 0                 | 140,000           |
|                                    |            | 9,349,152         | 5,842,647         |
| Less: accumulated amortization     |            | (15,224)          | (30,940)          |
|                                    |            | \$ 9,333,928      | \$ 5,811,707      |

As of April 30, 2012, we recognized impairment of our customer lists with a net carrying amount of \$93,344 from the Adisn acquisition since we concluded the revenue model associated with the customer list. We do not believe any additional impairment of intangible assets has occurred.

8. GOODWILL

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Goodwill is not amortized, but is tested for impairment on an annual basis and between annual tests in certain circumstances. The performance of the goodwill impairment test involves a two-step process. The first step involves comparing the fair value of our reporting units to their carrying values, including goodwill. We determine fair value based on estimated future cash flows of each reporting unit discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of a reporting unit and the rate of return an outside investor would expect to earn. The cash flow projections for each reporting unit are based on a five-year forecast of cash flows, derived from the most recent annual financial forecast. If the carrying value of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed by comparing the carrying value of the goodwill in the reporting unit to its implied fair value. An impairment charge is recognized for the excess of the carrying value of goodwill over its implied fair value.



CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

8. GOODWILL (Continued)

Testing Goodwill for Impairment: In September 2011, the FASB issued Accounting Standards Update No. 2011-08, Intangibles — Goodwill and Other (Topic 350) — Testing Goodwill for Impairment (ASU 2011-08), to allow entities to use a qualitative approach to test goodwill for impairment. ASU 2011-08 permits an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the currently prescribed two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. ASU 2011-08 is effective for us in fiscal 2013 and earlier adoption is permitted. We are currently evaluating the impact of our pending adoption of ASU 2011-08 on our consolidated financial statements.

As April 30, 2012, we determined that the fair value of the goodwill exceeded its carrying value and therefore goodwill was not impaired.

9. PREFERRED SERIES A STOCK

On October 25, 2010, we sold 1,300,000 shares of Series A Preferred Stock (“Shares”) to two foreign investors in exchange for \$1,300,000, or \$1.00 per share, pursuant to two subscription agreements (“Subscription Agreements”). In connection with the sale of Shares, the investors also received warrants to purchase 433,334 shares of our common stock at a purchase price of \$0.95 per share. The warrant agreements (“Warrants”) provide for an expiration period of three years from the date of the investment. The designations, preferences and relative rights of the Series A Preferred Stock are specified in the Certificate of Designation of the Relative Rights and Preferences of the Series A Preferred Stock (the “Certificate of Designation”). The Certificate of Designation provides, among other things, that: (i) the conversion price for the Shares was \$0.50 per share on or before March 15, 2011, and \$0.33 per share after March 15, 2011, subject to adjustment from time to time for recapitalizations and as otherwise set forth in the Certificate of Designation (the “Conversion Price”); (ii) the Shares are convertible into shares of common stock at the option of the investor at any time after the date of issuance into that number of shares of common stock determined by dividing \$1.00 by the Conversion Price; and (iii) the Shares are automatically converted into shares of common stock at the then effective conversion rate for such share immediately prior to the listing of our common stock on the New York Stock Exchange, the American Stock Exchange or a Nasdaq market. The Subscription Agreement also provided that from March 15, 2011 to April 14, 2011 (the “Repurchase Period”), we had an option (the “Repurchase Option”) to repurchase all or any portion of the Shares held by the investor at \$1.00 per Share. The Repurchase Option automatically terminates upon any conversion of the Shares into common stock pursuant to the conversion provisions specified in the Certificate of Designation. On March 15, 2011, the 1,300,000 shares of Series A Preferred Stock were converted into 2,600,000 shares of our common stock.



CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

10. COMMON STOCK

On May 1, 2011, we issued 60,000 shares of restricted common stock to a consultant for a six month service contract. The shares were valued at \$61,200 based on the fair value of shares on the date of the agreement. The stock-based expense for these shares included in operating expenses for the year ended April 30, 2012 was \$61,200.

On May 20, 2011, we issued 1,149,425 shares of restricted common stock in connection with our purchase of intangible assets pursuant to the PB Nation Agreement valued at \$1,000,000.

Also, on May 20, 2011, we issued 117,647 shares of restricted common stock in connection with our purchase of intangible assets of Pocketables.com valued at \$100,000.

On May 26, 2011, we issued 22,989 shares of restricted common stock in connection with a forum purchased valued at \$19,541.

On June 24, 2011, we issued 37,500 shares of restricted common stock in connection with our purchase of intangible assets of Writers.net valued at \$30,000.

On July 21, 2011, we issued 178,724 shares of restricted common stock to a consultant for a twelve month service contract. The shares were valued at \$84,000 based on the fair value of shares on the date of the agreement. The stock-based expense for these shares included in operating expenses for the year ended April 30, 2012 was \$65,333 with the remaining \$18,667 to be amortized over the remaining life of the contract.

On July 23, 2011, we issued 482,029 shares of restricted common stock for certain service agreements in connection with our Lefora acquisition in the prior year that was previously accrued and recorded as a common stock issuance obligation. The shares have a total value of \$300,000.

On October 1, 2011, we entered into an agreement for consulting services with a term of six months. This agreement calls for a monthly fee of \$6,500 and the issuance of 60,000 warrants to purchase our common stock \$0.26 per share. The warrants vest over the six month term at 10,000 warrants per month, expire in three years and have a cashless exercise provision. The stock-based expense for these shares included in operating expenses for the year ended April 30, 2012 was \$15,600.

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

10. COMMON STOCK (Continued)

On October 4, 2011, we entered into an agreement for consulting services with a term of three months. This agreement calls for monthly cash compensation of \$2,000 and monthly stock compensation of \$1,000. The stock-based expense for these 12,000 shares included in operating expenses for the year ended April 30, 2012 was \$3,000.

On November 1, 2011, we entered into an agreement for consulting services with a term of 90 days. This agreement calls for monthly cash compensation of \$1,500 and monthly stock compensation of 8,500 shares. The stock-based expense for these 25,500 shares included in operating expenses for the year ended April 30, 2012 was \$1,700.

On November 4, 2011, we entered into an agreement for consulting services with a term of twelve months. This agreement calls for monthly cash compensation of \$4,000 and stock compensation of \$12,000. We recorded the 63,158 shares of our common stock as a prepaid expense. The stock-based expense for these shares included in operating expenses for the year ended April 30, 2012 was \$6,000 with the remaining \$6,000 to be amortized over the remaining life of the contract.

On January 5, 2012, we entered into an agreement for consulting services with a term of three months. This agreement calls for monthly cash compensation of \$2,000 and monthly stock compensation of \$1,000. The stock-based expense for these 27,273 shares included in operating expenses for the year ended April 30, 2012 was \$3,000.

On February 1, 2012, we entered into an agreement for consulting services with a term of two months. This agreement calls for monthly cash compensation of \$1,500 and stock compensation of \$4,760. The stock-based expense for these 17,000 shares included in operating expenses for the year ended April 30, 2012 was \$4,760.

On March 1, 2012, we entered into an agreement for consulting services with a term of three months. This agreement calls for monthly cash compensation of \$ 6,000 and stock compensation of \$7,250. The stock-based expense for these 25,000 shares included in operating expenses for the year ended April 30, 2012 was \$4,833 with the remaining \$2,667 to be amortized over the remaining life of the contract.

On April 1, 2012, we entered into an agreement for consulting services with a term of two months. This agreement calls for monthly cash compensation of \$2,500 and stock compensation of \$1,860. The stock-based expense for these 6,000 shares included in operating expenses for the year ended April 30, 2012 was \$930 with the remaining \$930 to be amortized over the remaining life of the contract.

On April 24, 2012, we entered into an agreement for consulting services with a term of three months. This agreement calls for monthly cash compensation of \$2,000 and stock compensation of \$2,900. The stock-based expense for these 10,000 shares included in operating expenses for the year ended April 30, 2012 was \$0 with the remaining \$2,900 to be amortized over the remaining life of the contract.

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

## 11. STOCK OPTIONS

In May 2008 our board of directors approved the CrowdGather, Inc. 2008 Stock Option Plan (the Plan). The Plan permits flexibility in types of awards, and specific terms of awards, which will allow future awards to be based on then-current objectives for aligning compensation with increasing long-term shareholder value.

During the year ended April 30, 2012, we issued stock options for 1,331,000 shares of our common stock, exercisable at various dates through April 2022 at fair market value at the date of grant of \$0.16 to \$0.86 per share to recipients pursuant to the Plan.

For the year ended April 30, 2012, we recognized \$871,000 of stock-based compensation costs as a result of the issuance of stock options to employees, directors and consultants in accordance with ASC 505.

Stock option activity was as follows for the year ended April 30, 2012:

|                                | Number<br>of<br>Options | Weighted-Average<br>Exercise Price | Weighted-Average<br>Remaining<br>Contract Term<br>(Years) | Aggregate<br>Intrinsic<br>Value |
|--------------------------------|-------------------------|------------------------------------|---|---------------------------------|
| Outstanding, May 1,<br>2011    | 3,678,750               | \$ 1.13                            | 4.17  | \$3,616,656                     |
| Granted                        | 1,331,000               | 0.41                               | 9.03  | 1,289,804                       |
| Forfeited/Expired              | (50,000)                | 0.25                               | -   | (12,500)                        |
| Exercised                      | -                       | -                                  | -   | -                               |
| Outstanding, April<br>30, 2012 | 4,959,750               | \$ 0.99                            | 8.58  | \$4,893,960                     |
| Exercisable, April<br>30, 2012 | 2,298,938               | \$ 1.12                            | 7.04  | \$2,577,783                     |

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

## 11. STOCK OPTIONS (Continued)

A summary of the status of our unvested shares as of April 30, 2012 is presented below:

|                                    | Number<br>of Shares | Weighted-Average<br>Grant-Date Fair<br>Value |
|------------------------------------|---------------------|--|
| Non-vested balance, May 1, 2011    | 2,624,062           | \$ 1.13                                      |
| Granted                            | 1,331,000           | 0.41   |
| Vested                             | (1,294,249)         | 0.86   |
| Forfeited/Expired                  | -                   | -  |
| Non-vested balance, April 30, 2012 | 2,660,813           | \$ 0.61                                      |

As April 30, 2012, total unrecognized stock-based compensation cost related to unvested stock options was \$1,472,910, which is expected to be recognized over a weighted-average period of approximately 8.58 years.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option-pricing model based on the following weighted-average assumptions:

|                                 | April 30, 2012 |
|---------------------------------|----------------|
| Risk-free interest rate         | 0.00% to 1.32% |
| Expected volatility             | 100.00%        |
| Expected option life (in years) | 4.00           |
| Expected dividend yield         | 0.00           |

The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero coupon issues. The expected volatility is primarily based on historical volatility levels of our public company peer group. The expected option life of each award granted was calculated using the "simplified method" in accordance with ASC 718.

## 12. 401(k) PLAN

On September 27, 2011, our board of directors approved a 401(k) retirement plan for our employees. We currently do not provide a matching provision for employees who elect to participate.

CROWDGATHER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2012

13. COMMITMENTS AND CONTINGENCIES

The Company entered into a three month consulting services agreement from April 16, 2012 through July 16, 2012. The consulting services agreement calls for monthly payments of approximately \$5,000. Consulting expense related to this agreement for the year ended April 30, 2012 was approximately \$5,000

The scheduled payments for the consulting services are as follows:

|                |           |
|----------------|-----------|
| April 30, 2013 | \$ 10,000 |
| Total          | \$ 10,000 |

14. PROVISION FOR INCOME TAXES

For the year ended April 30, 2012, we have recognized the minimum amount of franchise tax required under California corporation law of \$800. We are not currently subject to further federal or state tax since we have incurred losses since our inception.

As of April 30, 2012, we had federal and state net operating loss carry forwards of approximately \$12,000,000 which can be used to offset future federal income tax. The federal and state net operating loss carry forwards expire at various dates through 2032. Deferred tax assets resulting from the net operating losses are reduced by a valuation allowance, when, in our opinion, utilization is not reasonably assured.

As of April 30, 2012, we had the following deferred tax assets related to net operating losses. A 100% valuation allowance has been established due to the uncertainty of our ability to realize future taxable income and to recover its net deferred tax assets.

|                                     | 2012         |
|-------------------------------------|--------------|
| Federal net operating loss (at 34%) | \$ 4,080,000 |
| State net operating loss (at 8.84%) | 1,060,000    |
|                                     | 5,140,000    |
| Less: valuation allowance           | (5,140,000)  |
| Net deferred tax assets             | \$ -         |

Our valuation allowance increased by \$1,284,400 and year ended April 30, 2012, respectively.

15. SUBSEQUENT EVENTS

On May 14, 2012, the Company entered into a one month consulting services agreement for \$11,500.

As of June 1, 2012, we have entered into a master lease agreement in the amount of \$209,384 payable over 24 months with a monthly payment of \$9,326.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There have been no changes in or disagreements with our accountants since our formation required to be disclosed pursuant to Item 304 of Regulation S-K.

Item 9A. Controls and Procedures.

Evaluation of disclosure controls and procedures.

We maintain controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 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 principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. Based upon their evaluation of those controls and procedures performed as of the end of the period covered by this report, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective.

Management's annual report on internal control over financial reporting.

Sanjay Sabnani, our Chief Executive Officer, and Gaurav Singh, our Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Chief Executive Officer and our Chief Financial Officer assessed the effectiveness of our internal control over financial reporting as of April 30, 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control — Integrated Framework.

Based on our assessment, our Chief Executive Officer and our Chief Financial Officer believe that, as of April 30, 2012, our internal control over financial reporting is effective based on those criteria.

Accordingly, management believes, based on its knowledge, that (1) 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 not misleading with respect to the period covered by this report, and (2) the financial statements, and other financial information included in this report, fairly present in all material respects our financial condition, results of operations and cash flows for the years and periods then ended.

This report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management’s report in this report.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting during the fourth quarter of the year ended April 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

The information set forth below is included herewith for the purpose of providing the disclosure required under “Item 2.02. - Results of Operations and Financial Condition” of Form 8-K.

On July 9, 2012, we issued a press release announcing our financial results for the fourth quarter and year ended April 30, 2012. A copy of the press release is furnished as Exhibit 99.1 to this report on Form 10-K.

This information in Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act 1934, as amended, and is not incorporated by reference into any of our filings, whether made before or after the date of this Quarterly Report on Form 10-K, regardless of any general incorporation language in the filing.

### PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers and Directors.

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The following table sets forth information regarding our executive officer and directors.

| Name                   | Age | Position  |
|------------------------|-----|---|
| Sanjay Sabnani         | 42  | CEO, President, Secretary, Director and Chairman of the Board |
| Gaurav Singh           | 35  | Chief Financial Officer                                       |
| Jonathan R. Dariyanani | 42  | Director  |
| James A. Sacks         | 46  | Director  |
| Chuck Timpe            | 66  | Director  |



Sanjay Sabnani. Sanjay Sabnani is our Chairman, Chief Executive Officer, President, and Secretary since April 2, 2008 and became one of our directors shortly thereafter. Mr. Sabnani founded General Mayhem, LLC in May 2004. While building General Mayhem, LLC's operations and network communities Mr. Sabnani has served senior executive roles in several public companies including: executive vice president, strategic development at Hythiam, Inc. (now Catasys Inc.; NASDAQ:CATS) from April 2004 to December 2007; and president and director at Venture Catalyst, Inc. (NASDAQ:VCAT), from July 1999 to November 2000. Mr. Sabnani assisted in raising over \$200 million in public equity financing for these companies, and served as the chief strategist and communicator for these businesses during his tenure with each. In addition, Mr. Sabnani has served as chairman of the board of two distinguished non-profits: Artwallah (arts festival); and TiE SoCal (venture capital networking). Mr. Sabnani was also the founder of a California charity, EndDependence (scholarships for addiction treatment). Mr. Sabnani received his BA in English Literature from UCLA in 1999. Mr. Sabnani is not an officer or director of any other reporting company.

Gaurav Singh. Mr. Singh began working with us in April 2008 and was appointed to his current position as Chief Financial Officer in November 2008. Prior to that, Mr. Singh was the director of finance for MD Synergy LLC from 2007 to 2008; from 2002 to 2006, he was controller, and then administrator for Specialty Surgical Center. Mr. Singh holds a masters degree in business administration from the Anderson School at UCLA, earned in 2002, and a bachelor's degree in business studies from the Delhi University, earned in 1997. Mr. Singh is not an officer or director of any other reporting company.

Jonathan R. Dariyanani. Mr. Dariyanani has been a member of our Board of Directors since September 2008. Mr. Dariyanani has been the principal of Zoma Law Group/Zoma Ventures in New York since 1999. From 2003 to 2004, Mr. Dariyanani also served as the director of ESL for Leapfrog Enterprises, Inc. From 1997 to 1999, he was an associate attorney at the Palo Alto, California office of Wilson Sonsini Goodrich and Rosati. Mr. Dariyanani is licensed to practice law in California. Mr. Dariyanani holds a Juris Doctor from Duke University, earned in 1997, and a bachelor's degree in legal studies from the University of California at Berkeley, which he earned in 1993. Mr. Dariyanani is not an officer or director of any other reporting company.

James A. Sacks. Mr. Sacks has been a member of our Board of Directors since September 2008. Mr. Sacks founded JAS Holdings in 2001, which provides contract sales services for medical business process outsourcing providers. From 1995 to 2000, Mr. Sacks was a registered securities principal for Joseph Charles & Associates. From 2000 to 2001, he served as a principal and the corporate secretary for Metropolitan Capital Partners. In 2002, he also served as a registered securities principal for West Park Capital. Mr. Sacks is not an officer or director of any other reporting company.

Chuck Timpe. Mr. Timpe has been a member of our Board of Directors since May 2009. Mr. Timpe is a seasoned director and financial executive and has served as a director and chairman of the audit committee since 1998 for IPC The Hospitalist Company (IPCM – NASDAQ) and as an advisor to CrowdGather since October 2008. From June 2003 to November 2008, Mr. Timpe served as the chief financial officer of Hythiam, Inc. (now Catasys Inc.; CATS—NASDAQ). Prior to joining Hythiam, Mr. Timpe was chief financial officer, from its inception in February 1998 to June 2003, of Protocare, Inc., a clinical research and pharmaceutical outsourcing company which merged with Radiant Research, Inc. in March 2003. Previously, he was a principal in two private healthcare management consulting firms he co-founded, chief financial officer of National Pain Institute, treasurer and corporate controller for American Medical International, Inc. (now Tenet Healthcare Corp.; THC—NYSE), and a member of Arthur Andersen, LLP's healthcare practice, specializing in public company and hospital system audits. Mr. Timpe is currently a business consultant. Mr. Timpe received his B.S. from University of Missouri, School of Business and Public Administration, and is a certified public accountant (inactive).

Term of Office. All directors hold office until the completion of their term of office, which is not longer than one year, or until their successors have been elected. All officers are appointed annually by the Board of Directors and, subject to employment agreements, serve at the discretion of the board. Currently, directors receive no cash compensation.

Family Relationships. There is no family relationship between any of our officers or directors.

**Involvement in Legal Proceedings.** There are no orders, judgments, or decrees of any governmental agency or administrator, or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining any of our officers or directors from engaging in or continuing any conduct, practice or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security, or any aspect of the securities business or of theft or of any felony. Nor are any of the officers or directors of any corporation or entity affiliated with us so enjoined.

**Section 16(a) Beneficial Ownership Reporting Compliance.** We believe that our officers, directors, and principal shareholders have filed all reports required to be filed on, respectively, a Form 3 (Initial Statement of Beneficial Ownership of Securities), a Form 4 (Statement of Changes of Beneficial Ownership of Securities), or a Form 5 (Annual Statement of Beneficial Ownership of Securities).

**Director Independence.** We believe that Jonathan R. Dariyanani, James A. Sacks and Chuck Timpe are independent members of our Board of Directors as that term is defined by defined in Rule 4200(a)(15) of the Nasdaq Marketplace Rules.

**Board Committees.** Our Board of Directors does not currently have a compensation committee or nominating and corporate governance committee because, due to the Board of Director’s composition and our relatively limited operations, the Board of Directors is able to effectively manage the issues normally considered by such committees. Our Board of Directors may undertake a review of the need for these committees in the future. Security holders may send communications to our Board of Directors by writing to 20300 Ventura Blvd. Suite 330, Woodland Hills, CA 91364, attention Board of Directors.

**Audit Committee and Financial Expert.** On November 19, 2010, we adopted an Audit Committee Charter and appointed Chuck Timpe and James Sacks as members of the Audit Committee. Chuck Timpe is our Audit Committee chairman and financial expert.

Our Audit Committee is responsible for: (1) selection and oversight of our independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by our employees of concerns regarding accounting and auditing matters; (4) engaging outside advisors; and, (5) approving fees for the independent auditor and any outside advisors engaged by the audit committee. The Audit Committee Charter is filed as Exhibit 99.2 to our Report on Form 8-K filed on November 22, 2011.

**Code of Ethics.** On November 19, 2010, we adopted a Code of Conduct and Ethics (the “Ethics Code”) that applies to our directors and employees, including our principal executive officer and principal financial and accounting officer, respectively. The Ethics Code is filed as Exhibit 14.1 to our Report on Form 8-K filed on November 22, 2010. A written copy of the Code is available on our website at [www.crowdgather.com](http://www.crowdgather.com).

**Item 11. Executive Compensation.**

**Summary Compensation Table.** The table set forth below summarizes the annual and long-term compensation for services in all capacities to us payable to our principal executive officers during the year ending April 30, 2012.

| SUMMARY COMPENSATION TABLE        |                           |              |             |                       |                        |  |  |                                 |             |
|-----------------------------------|---------------------------|--------------|-------------|-----------------------|------------------------|--|--|---------------------------------|-------------|
| Name and<br>Principal<br>Position | Year<br>Ended<br>April 30 | Salary<br>\$ | Bonus<br>\$ | Stock<br>Awards<br>\$ | Option<br>Awards<br>\$ | Non-Equity<br>Incentive Plan<br>Compensation<br>\$ | Nonqualified<br>Deferred<br>Compensation<br>Earnings | All Other<br>Compensation<br>\$ | Total<br>\$ |

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|   |      |         |   |   |         |   | \$ |   |         |
|---|------|---------|---|---|---------|---|----|---|---------|
| Sanjay Sabnani<br>CEO,<br>President,<br>Secretary | 2012 | 240,000 | 0 | 0 | 0       | 0 | 0  | 0 | 240,000 |
|   | 2011 | 163,384 | 0 | 0 | 157,880 | 0 | 0  | 0 | 325,984 |
| Gaurav Singh,<br>CFO,<br>Treasurer                | 2012 | 160,000 | 0 | 0 | 38,958  | 0 | 0  | 0 | 198,958 |
|   | 2011 | 127,615 | 0 | 0 | 0       | 0 | 0  | 0 | 127,615 |

Employment Contracts and Termination of Employment. We do not currently have an employment contract with Sanjay Sabnani, our CEO, President, and Secretary. We have an employment contract with Gaurav Singh, CFO and Treasurer, which provides the following compensation to Mr. Singh in the event of termination of employment (as a result of resignation or retirement):

1. If terminated without Good Cause (as defined below), Gaurav Singh is entitled to one month of severance pay equal to one month of his base salary during the first six months of employment and severance pay equal to three months of his base salary in cash, restricted Company stock or some combination thereof, as determined in the sole discretion of the Company if terminated after six months of employment.

A termination shall be for “Good Cause” if the officer, in the subjective good faith opinion of the Company, shall

1. Commit and act of fraud, moral turpitude, misappropriation of funds or embezzlement;
2. Breach his/her fiduciary duty to the Company, including, but not limited to, acts of self-dealing (whether or not for personal profit);
3. Materially breach this agreement, the confidentiality agreement, or the Company’s written Code of Ethics as adopted by the Board of Directors;
4. Willful, reckless or grossly negligent violation of any applicable state or federal law or regulation; or
5. Fail to or refuse (whether willful, reckless or negligent) to substantially perform the responsibilities and duties specified herein (other than a failure caused by temporary disability); provided, however, that no termination shall occur on that basis unless the Company first provides his/her with written notice to cure; the notice to cure shall reasonably specify the acts or omissions that constitute his/her failure or refusal to perform his/her duties, and he/she shall have reasonable opportunity (not to exceed 10 days after the date of notice to cure) to correct his/her failure or refusal to perform his/her duties; termination shall be effective as of the date of written notice to cure.

Outstanding Equity Awards at Fiscal Year-end. As of April 30, 2012, the following named executive officers had the following unexercised options, stock that has not vested, and equity incentive plan awards:

| Name   | Option Awards   |                                  |   |                       |                        | Stock Awards                                  |  |  |  |
|--|---|----------------------------------|---|-----------------------|------------------------|---|--|--|--|
|  | Number of Securities Underlying Unexercised Options # Exercisable | Number of Un-exercisable Options | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date | Number of Shares or Units of Stock Not Vested | Market Value of Shares or Units Not Vested | Equity Incentive Awards: Number of Unearned Shares, Units or Other Rights Not Nested | Value of Unearned Shares, Units or Other Rights Not Vested |
| Sanjay Sabnani<br>CEO,<br>President,<br>and<br>Secretary | 400,000   | 0                                | 400,000   | \$1.49                | 06/20/2018             | 0   | 0  | 0  | 0  |

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|  |         |         |         |        |            |   |   |   |   |
|--|---------|---------|---------|--------|------------|---|---|---|---|
| Sanjay Sabnani<br>CEO,<br>President,<br>and<br>Secretary | 50,000  | 150,000 | 200,000 | \$1.16 | 03/21/2021 | 0 | 0 | 0 | 0 |
| Gaurav Singh<br>CFO,<br>Treasurer                        | 125,000 | 25,000  | 150,000 | \$1.00 | 05/09/2018 | 0 | 0 | 0 | 0 |
| Gaurav Singh<br>CFO,<br>Treasurer                        | 24,375  | 5,625   | 30,000  | \$1.50 | 11/17/2018 | 0 | 0 | 0 | 0 |
| Gaurav Singh<br>CFO,<br>Treasurer                        | 16,125  | 69,875  | 86,000  | \$0.66 | 08/01/2021 | 0 | 0 | 0 | 0 |

All of the options specified above vest as follows: 1/8 of total vests after 180 days after grant; remaining to vest at the rate of 1/16 of the total every 90 days thereafter, over 4 years. The options granted expire 10 years after the date of grant.

There were no exercises of stock options by our above named executive officers during the year ended April 30, 2012.

Director Compensation. Our directors received the following compensation for their service as directors during the fiscal year ended April 30, 2012:

| Name                            | DIRECTOR COMPENSATION             |                    |                        |  |   |                                 | Total<br>\$ |
|---------------------------------|-----------------------------------|--------------------|------------------------|--|---|---------------------------------|-------------|
|                                 | Fees Earned<br>or Paid in<br>Cash | Stock Awards<br>\$ | Option<br>Awards<br>\$ | Non-Equity<br>Incentive Plan<br>Compensation<br>\$ | Non-Qualified<br>Deferred<br>Compensation<br>Earnings<br>\$ | All Other<br>Compensation<br>\$ |             |
| Sanjay Sabnani,<br>director     | 0                                 | 0                  | 0                      | 0  | 0   | 0                               | 0           |
| Jonathan Dariyanani<br>director | 0                                 | 0                  | 18,120                 | 0  | 0   | 0                               | 18,120      |
| James Sacks,<br>director        | 0                                 | 0                  | 18,120                 | 0  | 0   | 0                               | 18,120      |
| Chuck Timpe,<br>director        | 0                                 | 0                  | 29,445                 | 0  | 0   | 0                               | 29,445      |

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The table below shows the number of our shares of common stock beneficially owned as of June 25, 2012 by:

- each person or group known by us to beneficially own more than 5% of our outstanding common stock;
- each director;
- each executive officer named in the Summary Compensation Table under the heading “Executive Compensation” above; and
- all of our current directors and executive officers as a group.

The number of shares beneficially owned by each 5% holder, director or executive officer is determined by the rules of the SEC, and the information does not necessarily indicate beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the person or entity has sole or shared voting power or investment power and also any shares that the person or entity can acquire within 60 days of June 25, 2012 through the exercise of any stock option or other right. For purposes of computing the percentage of outstanding shares of common stock held by each person or entity, any shares that the person or entity has the right to acquire within 60 days after June 25, 2012 are deemed to be outstanding with respect to such person or entity but are not deemed to be outstanding for the purpose of computing the percentage of ownership of any other person or entity. Unless otherwise indicated, each person or entity has sole investment and voting power (or shares such power with his or her spouse) over the shares set forth in the following table. The inclusion in the table below of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares. As of June 25, 2012, there were 58,234,216 shares of common stock issued and outstanding





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| Title of Class | Name and Address of Beneficial Owner  | Amount and Nature of Beneficial Owner   | Percent of Class (3) |
|----------------|---|---|----------------------|
| Common Stock   | Sanjay Sabnani<br>20300 Ventura Blvd, Suite 330<br>Woodland Hills, CA 91364                     | 17,880,440 shares (1)<br>CEO, President, Secretary,<br>Treasurer and director | 30.70%               |
| Common Stock   | Typhoon Capital Consultants,<br>LLC (2)<br>19069 Braemore Road<br>Northridge, California 91326  | 16,210,550 shares<br>Beneficial Owner   | 27.84%               |
| Common Stock   | Gaurav Singh<br>c/o 20300 Ventura Blvd. Suite 330<br>Woodland Hills, California 91364           | 473,639 shares (4)<br>CFO   | *                    |
| Common Stock   | Jonathan R. Dariyanani<br>c/o 20300 Ventura Blvd. Suite 330<br>Woodland Hills, California 91364 | 240,000 shares (5)<br>Director  | *                    |
| Common Stock   | James A. Sacks<br>c/o 20300 Ventura Blvd. Suite 330<br>Woodland Hills, California 91364         | 525,000 shares (6)<br>Director  | *                    |
| Common Stock   | Chuck Timpe<br>c/o 20300 Ventura Blvd. Suite 330<br>Woodland Hills, California 91364            | 440,000 shares (7)<br>Director  | *                    |
| Common Stock   | Manulife Financial Corp.<br>200 Bloor Street East<br>Toronto, Ontario, Canada, M4W<br>1E5       | 5,974,461 shares (8)<br>Beneficial Owner                                      | 10.26%               |
| Common Stock   | All directors and named executive officers as a group   | 19,551,440 shares   | 33.57%               |

\* Denotes less than 1%.

(1) Includes 16,210,550 shares, which are held by Typhoon Capital Consultants, LLC, of which Sanjay Sabnani is the beneficial owner, 169,890 shares, which are held by Sabnani IRA, of which Sanjay Sabnani is the beneficial owner, 600,000 shares of common stock underlying options granted to Mr. Sabnani and 900,000 shares held by Sabnani Children Income Trust, of which Sanjay Sabnani may be deemed to have beneficial ownership due to his spouse's role as sole trustee for this trust. Mr. Sabnani disclaims beneficial ownership of those 900,000 shares, except as to his pecuniary interest therein.

(2) Sanjay Sabnani holds voting and dispositive power over the shares of Typhoon Capital Consultants, LLC.

(3) Based on 58,234,216 common shares issued as of June 25, 2012.

(4) Includes 207,639 shares of common stock held of record by Gaurav Singh and 266,000 shares of common stock underlying options granted to Mr. Singh.

(5) Includes 240,000 shares of common stock underlying options granted to Mr. Dariyanani.

(6) Includes 285,000 shares of common stock held of record by James A. Sacks and 240,000 shares of common stock underlying options granted to Mr. Sacks.

(7) Includes 20,000 shares of common stock held of record by Chuck Timpe and 420,000 shares of common stock underlying options granted to Chuck Timpe.

(8) Calculated using the Schedule 13G filed with the SEC on February 13, 2012 by Manulife Financial Corp. ("MFC"). MFC's wholly-owned subsidiary, Manulife Asset Management (US) LLC ("MAM (US)"), has beneficial ownership of 5,974,461 shares of common stock (including 1,875,000 shares issuable upon exercise of warrants), of which John Hancock Small Cap Intrinsic Value Fund ("JH Small Cap Fund") owns directly 5,825,000 shares (including 1,875,000 shares issuable upon exercise of warrants). MAM (US) has sole voting and dispositive power over JH

Small Cap Fund's shares.

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Changes in Control. Our management is not aware of any arrangements which may result in “changes in control” as that term is defined by the provisions of Item 403(c) of Regulation S-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Related party transactions.

There have been no related party transactions for the year ended April 30, 2012, or any other transactions or relationships required to be disclosed pursuant to Item 404 of Regulation S-K.

Director Independence. We believe that Jonathan R. Dariyanani, James A. Sacks and Chuck Timpe are independent members of our Board of Directors using the definition of independence under the rules of the SEC.

Item 14. Principal Accountant Fees and Services.

Audit Fees. The aggregate fees billed in each of the fiscal years ended April 30, 2012 and 2011 for professional services rendered by the principal accountant for the audit of our annual financial statements and quarterly review of the financial statements included in our Form 10-K or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$38,450 and \$17,450, respectively.

Audit-Related Fees. For each of the fiscal years ended April 30, 2012 and 2011, there were no fees billed for services reasonably related to the performance of the audit or review of the financial statements outside of those fees disclosed above under “Audit Fees.”

Tax Fees. For each of the fiscal years ended April 30, 2012 and 2011, our accountants rendered services for tax compliance, tax advice, and tax planning work for which we paid \$1,250 and \$1,250, respectively.

All Other Fees. None.

Pre-Approval Policies and Procedures. Prior to engaging our accountants to perform a particular service, our Board of Directors obtains an estimate for the service to be performed. All of the services described above were approved by the Board of Directors in accordance with its procedures.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial Statements.

Included in Item 8

(b) Exhibits required by Item 601.

| Exhibit No. | Description  |
|-------------|--|
| 2.1         | Agreement and Plan of Merger by and among WestCoast Golf Experiences, Inc., General Mayhem LLC and General Mayhem Acquisition Corp., dated April 2, 2008 (1)   |
| 2.2         | Agreement of Merger and Plan of Merger and Reorganization dated April 8, 2008 by and between WestCoast Golf Experiences, Inc., a Nevada corporation and General Mayhem Acquisition Corp., a Nevada corporation (1) |
| 3.1         | Articles of Incorporation (2)  |
| 3.2         | Amended and Restated Articles of Incorporation (3)   |
| 3.3         | Bylaws of the Company (2)  |
| 3.4         | Certificate of Designation of the Relative Rights and Preferences of the Series A Preferred Stock (4)  |
| 3.5         | Certificate of Change in number of authorized shares as filed with the Secretary of State of Nevada on March 27, 2008 (1)  |
| 3.6         | Articles of Merger as filed with the Secretary of State of the State of Nevada on April 8, 2008 (1)  |
| 10.1        | 2008 Stock Option Plan (5)   |
| 10.2        | Agreement and Plan of Merger with Adisn, Inc. (6)  |
| 10.3        | Securities Escrow Agreement (6)  |
| 10.4        | Asset Purchase Agreement and Plan of Reorganization with Team Awesome Productions, Inc. d/b/a Lefora dated July 23, 2010 (7)   |
| 10.5        | Software License Agreement with Team Awesome Productions, Inc. d/b/a Lefora dated July 23, 2010 (7)  |
| 10.6        | Securities Purchase Agreement dated February 28, 2011 (8)  |
| 10.7        | Engagement Agreement dated February 22, 2011 (8)   |
| 10.8        | Registration Rights Agreement dated February 28, 2011 (8)  |
| 10.9        | Form of Warrant (8)  |
| 10.10       | Stock Cancellation and Stipulation Agreement dated December 9, 2010 (9)  |
| 10.11       | Website and Domain Name Purchase and Sale Agreement with PbNation, LLC (10)  |
| 14          | Code of Ethics (11)  |
| 21          | Subsidiaries of the Registrant (12)  |
| <u>23.1</u> | <u>Consent of Q Accountancy Corporation *</u>  |
| <u>31.1</u> | <u>Certification of Principal Executive Officer Required by Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002 *</u>          |
| <u>31.2</u> | <u>Certification of Principal Financial Officer, Required By Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002 *</u>         |
| <u>32.1</u> | <u>Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *</u>  |
| <u>32.2</u> | <u>Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *</u>  |
| <u>99.1</u> | <u>Press Release Dated July 9, 2012*</u>   |

- (1)
- (2) Included as exhibit to our Current Report on Form 8-K filed on April 8, 2008.
- (3) Included as exhibit to our Registration Statement on Form SB-2 filed on June 20, 2005.
- (4) Included as exhibit to our Current Report on Form 8-K filed on October 1, 2008.
- (5) Included as exhibit to our Current Report on Form 8-K filed on October 28, 2010.
- (6) Included as exhibit to our Current Report on Form 8-K filed on June 24, 2008.
- (7) Included as exhibit to our Current Report on Form 8-K filed June 10, 2010.

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- (8) Included as exhibit to our Current Report on Form 8-K filed July 26, 2010.
- (9) Included as exhibit to our Current Report on Form 8-K filed on March 1, 2011.
- (10) Included as exhibit to our Registration Statement on Form S-1, Amendment No. 1 filed on May 5, 2011
- (11) Included as exhibit to our Current Report on Form 8-K filed May 25, 2011.
- (12) Included as exhibit to our Current Report on Form 8-K filed on November 22, 2010.
- \* Included as exhibit to our Current Report on Form 8-K filed July 7, 2010.  
Filed Herewith

SIGNATURES

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

CrowdGather, Inc.  
a Nevada corporation

July 9, 2012

By: /s/ Sanjay Sabnani  
Its: Sanjay Sabnani  
CEO, President, Secretary and a  
director  
(Principal Executive Officer)

July 9, 2012

By: /s/ Gaurav Singh  
Its: Gaurav Singh  
Chief Financial Officer, Treasurer  
(Principal Financial and  
Accounting Officer)

In accordance with 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.

By: /s/ Sanjay Sabnani July 9, 2012  
Sanjay Sabnani  
Its: CEO, President, Secretary and a  
director  
(Principal Executive Officer)

By: /s/ Jonathan Dariyanani July 9, 2012  
Jonathan Dariyanani  
Its: director

By: /s/ James Sacks July 9, 2012  
James Sacks  
Its: director

By: /s/ Chuck Timpe July 9, 2012  
Chuck Timpe  
Its: director

