

BRIGHT MOUNTAIN HOLDINGS, INC.

Form 10-K

December 31, 2012

**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 September 30, 2012**

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

**Commission File Number 333-163439**

**BRIGHT MOUNTAIN HOLDINGS, INC.**

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(Exact name of registrant as specified in its charter)

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

**26-4170100**  
(I.R.S. Employer  
Identification No.)

**6301 NW 5th Way, Suite 1400, Fort Lauderdale, FL 33309**

(Address of principal executive office, Zip Code)

**Registrant's telephone number, including area code: (954) 903-9373**

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

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

**Title of Each Class**

**Common Stock, \$0.001 par value**

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

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

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



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

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

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 last 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. \$217,024 on March 31, 2012.

There were 1,386,280 shares of the registrant's common stock, par value \$0.001 per share, outstanding on December 26, 2012.

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## CERTAIN CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this annual report on Form 10-K contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause the Company's actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond the Company's control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Readers should carefully review this report in its entirety, including but not limited to the financial statements and the notes thereto. Except for our ongoing obligations to disclose material information under the Federal securities laws, the Company undertakes no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.

When used in this yearly report, the terms "Bright Mountain", "Company", "we," "our," and "us" refers to Bright Mountain Holdings, Inc. and Subsidiary formerly known as My Catalogs Online, Inc. a Nevada corporation.

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## PART I

### ITEM 1. BUSINESS

#### General

Bright Mountain formed in January 2009, is an internet-based technology company headquartered in Fort Lauderdale, FL. We are cataloging the Internet and currently have approximately 650 domain names. Management believes that its My Catalog sites offer our users an experience like no other, with the ability to: Shop, Get Information, find Services, and enjoy Entertainment all in one place.

MyCatalogsOnline.com is a website that allows customers to easily and conveniently select products by selecting individual categories of goods and services. Through MyCatalogsOnline.com, the customer optimizes the time spent looking for the goods or services individually. The company owns approximately 650 individual names of categories all containing the name specific My and Catalog in each of its category names. By narrowing the search, and grouping the individual retailers together in one location, the customer will have the immediate opportunity to view related goods or services in a particular category at one convenient web site.

#### Mission

It is the mission of Bright Mountain to categorize the massive amount of data across the internet, by cataloging the information into various categories for shopping, information and services utilizing our approximately 650 domain names and TheBigBuzz.com, a social network to provide a user experience that is versatile and easy to use, thus simplifying the search for all ages, interests and income levels.

#### Company Overview

The company was founded out of the experience of a father trying to shop the internet at Christmas for his young children in 2008, who was frustrated and unable to find what he was looking for. Hence, the signature site, MyChristmasCatalog.com, was purchased and the company was born. My Catalogs Online, Inc. formed in January



2009, is an Internet-based technology company headquartered in Fort Lauderdale, FL. Our company owns approximately 650 domains names, with a majority of these names starting with the words My and ending with the words Catalog(s). With approximately 650 domain names, thirty-five (35) of which have already been developed into operating, potentially revenue generating websites, and many more in the process of being rolled out, the exposure level to the company is anticipated to be affected by the current market conditions and with Online customers seeking a particular product or service have the ability to go to a Category to provide them with a wide array of vendors or products offered in that particular line. Current trends will dictate future sales. For example, a customer looking for jewelry would go to MyJewelryCatalog.com to find top retailers offering those products. Less expensive groups of retailers would be offered as well. This would give the online customer the ability to cross reference the products they desire by vendor, price and quality. However, this does not guarantee a sale of products.

## **Products and Services**

### **Catalog Websites**

MyCatalogsOnline.com. serves as the hub or portal for the master search engine for different categories of products and merchants. The intent of this site, along with the potential to add approximately 650 specialty sites, is to catalog the internet based on various categories while providing every user the ease and convenience of a one stop shopping source. As websites are brought online, each of these potential approximately 650 specialty websites will interlink with each other acting together with our main hub (MyCatalogsOnline.com) to provide the customer with an easy to locate information source, all in one location, rather than necessitating a long and potentially confusing internet search.

## Marketing Strategy

My Catalogs Online now known as Bright Mountain Holdings, Inc. marketing strategy is designed to allow the Company to concentrate its resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. For example, the Company intends to tailor the roll-out of individual sites, and to promote already operational sites, to correspond with perceived changes in consumers buying habits, the economy in general and specific Holidays and events. The company's marketing plan is tailored to assist with this flexibility. If a site is not productive enough, or if the consumer's buying habits have shifted as a result of the economy, the Company's ability to tailor its websites to the changing environment should allow it to maximize its market share and related revenues.

To date, the company has utilized the marketing strategies defined below:

Starting November 16, 2009 and continuing through December 15, 2009, MyChristmasCatalog.com was promoted on-air through Cable network television throughout South Florida and Seattle, Washington. The objective of this advertising campaign was to make shoppers aware of our Christmas site so they would do their 2009 Christmas shopping on mychristmascatalog.com. The commercial was filled with music and screen captures of our website. On November 16, 2009, a news interview with Ron Teblum, former President of the Company, and Jeff Barnes, Principal Architect of Microsoft, which aired on MSN network Channel 9. The interview focused on how our development team utilized Microsoft's Multimedia Silverlight technology on MyChristmascatalog.com and what advantages or disadvantages this technology had. Digital Banner Advertising on major highways and intersections. From mid-November 2009 to the second week in December, 2009 a digital billboard was used to advertise the Company's MyChristmasCatalogs.com site. The digital billboard was located on I-95 in between Ft. Lauderdale and Miami at Hallandale Boulevard. The Billboard was a full size digital billboard advertising 3-4 companies on the board with our advertisement running for 8 seconds, every 28 seconds, 24 hours day. The ad was very simple and had a picture of Santa with bright letters Go to MyChristmasCatalogs.com for your shopping needs.

During the last two weeks of November, 2009, My Catalogs Online initiated a press release strategy to announce the launch of MyChristmasCatalogs.com website. The release was picked up by over 800 media sources throughout the United States. Internet social networking through Twitter and Facebook. The objective is to use these social networking sites to let our customers know of new catalog websites and product discounts.

The Company is optimistic that these marketing tools were a step in the right direction towards establishing brand recognition. Management continues to refine its marketing plan and budget requirements on an on-going basis. Additional marketing initiatives will be considered as and when new sites are rolled out and/or if management

determines existing sites need alternative methods to increase traffic and sales. Going forward, the company continues to explore the various possibilities outlined below.

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**Search Engine Optimization.** The Company intends to utilize several marketing channels to promote traffic on its websites. Initially marketing efforts will focus primarily on search engine marketing. The Company intends to achieve exposure through various search engines (e.g. Google, Yahoo, etc.). The Company will also be continuously updating its own website pages for future marketing purposes in order to add new providers in the retail industry.

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**Emailing Messaging Campaign.** An Email Messaging Campaign would consist of a targeted email campaign to users who have opted in and confirmed that their email address and information are correct and valid. In addition, the data would be scrubbed on a monthly basis to remove un-deliverables. Recipients can be targeted by geographic location and through over 700 separate lifestyle and demographic selections.

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**Social Networking Sites** (i.e. Facebook, Twitter). The Company intends to utilize the social networking sites, such as Facebook, Twitter and MySpace, as a vehicle for ongoing promotions of the company by utilizing various ad placement capabilities through Facebook, Google and Microsoft Ad Center.

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**Video News Releases.** The Company is looking to obtain broadcast access across over 287 local news media broadcast affiliate stations during the 6:00pm and 11:00 pm news.

**YouTube.** The Company is looking into its ability to be broadcast as a trailer in front of 275 of the top viewed, non-copyrighted YouTube videos. The Company is also preparing a seven to eleven second videomercial for YouTube.

## **ITEM 1A. RISK FACTORS**

An investment in our common stock is highly speculative, involves a high degree of risk, and should be made only by investors who can afford a complete loss. You should carefully consider the following risk factors, together with the other information in this 10-K filing, including our financial statements and the related notes, before you decide to buy our common stock. If any of the following risks actually occur, our business, financial condition, or results of operations could be materially adversely affected, the trading of our common stock could decline, and you may lose all or part of your investment therein.

### **Risks Relating to the Early Stage of our Company**

*We are at a very early operational stage and our success is subject to the substantial risks inherent in the establishment of a new business venture.*

The implementation of our business strategy is in a very early stage. Our business and operations should be considered to be in a very early stage and subject to all of the risks inherent in the establishment of a new business venture. Accordingly, our intended business and operations may not prove to be successful in the near future, if at all. Any future success that we might enjoy will depend upon many factors, several of which may be beyond our control, or which cannot be predicted at this time, and which could have a material adverse effect upon our financial condition, business prospects and operations and the value of an investment in our company.

*We have a very limited operating history and our business plan is unproven and may not be successful.*

Our company was formed in January 2009 but we have not yet begun full scale operations. We have not licensed or sold any substantial amount of products commercially through our websites and do not have any definitive agreements to do so. We have not proven that our business model will allow us to generate a profit.

***We have suffered operating losses since inception and we may not be able to achieve profitability.***

We had an accumulated deficit of \$1,126,676 as of September 30, 2012 and we expect to continue to incur significant developmental expenses in the foreseeable future related to the completion of development and commercialization of our sites. As a result, we are sustaining substantial operating and net losses, and it is possible that we will never be able to sustain or develop the revenue levels necessary to attain profitability.

***We may have difficulty raising additional capital, which could deprive us of necessary resources.***

We expect to continue to devote significant capital resources to fund research and development. In order to support the initiatives envisioned in our business plan, we will need to raise additional funds through public or private debt or equity financing, collaborative relationships or other arrangements. Our ability to raise additional financing depends on many factors beyond our control, including the state of capital markets, the market price of our common stock and the development or prospects for development of competitive technology by others. Because our common stock is not listed on a major stock market, many investors may not be willing or allowed to purchase it or may demand steep discounts. Sufficient additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our common stock.

We expect to raise additional capital during 2013 but we do not have any firm commitments for funding. If we are unsuccessful in raising additional capital, or the terms of raising such capital are unacceptable, we may have to modify our business plan and/or significantly curtail our planned activities and other operations.

***There are substantial doubts about our ability to continue as a going concern and if we are unable to continue our business, our shares may have little or no value.***

The company's ability to become a profitable operating company is dependent upon its ability to generate revenues and/or obtain financing adequate to fulfill its research and market introduction activities, and achieving a level of revenues adequate to support our cost structure has raised substantial doubts about our ability to continue as a going concern. We plan to attempt to raise additional equity capital by selling shares through one or more private placement or public offerings. However, the doubts raised, relating to our ability to continue as a going concern, may make our shares an unattractive investment for potential investors. These factors, among others, may make it difficult to raise any additional capital.

***Failure to effectively manage our growth could place strains on our managerial, operational and financial resources and could adversely affect our business and operating results.***

If our subsidiary's business grows, we will be required to manage multiple relationships. Any further growth by us or our subsidiary, or an increase in the number of our strategic relationships will increase this strain on our managerial, operational and financial resources. This strain may inhibit our ability to achieve the rapid execution necessary to implement our business plan, and could have a material adverse effect upon our financial condition, business prospects and operations and the value of an investment in our company.

## **Risks Relating to Our Business**

***We will need to achieve commercial acceptance of our applications to generate revenues and achieve profitability.***

Even if our development yields technologically superior sites, we may not successfully develop commercial sites, and even if we do, we may not do so on a timely basis. We cannot predict when significant commercial market acceptance for our sites and the affiliated products sold thereon will develop, if at all, and we cannot reliably estimate the projected size of any such potential market. If markets fail to accept our sites and related products, we may not be able to generate revenues from the commercial application of our technologies. Our revenue growth and achievement of profitability will depend substantially on our ability to introduce new products that are accepted by customers. If we are unable to cost-effectively achieve acceptance of our sites by customers, or if the associated products do not achieve wide market acceptance, our business will be materially and adversely affected.

*We will need to establish additional relationships with collaborative and development partners to fully develop and market our sites.*

We do not possess all of the resources necessary to develop and commercialize sites and related products on a mass scale. Unless we expand our development capacity and enhance our internal marketing, we will need to make appropriate arrangements with collaborative affiliates to develop and commercialize current and future sites and products.

Collaborations may allow us to:

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generate cash flow and revenue;

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offset some of the costs associated with our internal development; and

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successfully commercialize site and product candidates.

If we need, but do not find appropriate affiliate arrangements, our ability to develop and commercialize sites and products could be adversely affected. Even if we are able to find collaborative partners, the overall success of the development and commercialization of sites and affiliate products will depend largely on the efforts of other parties and is beyond our control. In addition, in the event we pursue our commercialization strategy through collaboration, there are a variety of attendant technical, business and legal risks, including:

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a development partner would likely gain access to our proprietary information, potentially enabling the partner to develop sites and affiliate products without us or design around our intellectual property;

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we may not be able to control the amount and timing of resources that our collaborators may be willing or able to devote to the development or commercialization of our sites and affiliate products, or to their marketing and distribution; and

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disputes may arise between us and our collaborators that result in the delay or termination of the development or commercialization of our product candidates or that result in costly litigation or arbitration that diverts our management's resources.

The occurrence of any of the above risks could impair our ability to generate revenues and harm our business and financial condition.

***We expect to rely on third parties to manufacture or distribute the products sold and our business will suffer if they do not perform.***

We do not expect to manufacture or distribute any of the products sold on our sites and third party contractors will provide manufacturing services. If these contractors/providers do not operate in accordance with regulatory requirements and quality standards, our business will suffer. We expect to sell products and services that are provided by outside sole suppliers. The qualification of additional or replacement vendors is time consuming and costly. If a supplier has significant problems supplying our products, our sales and revenues will be hurt until we find a new source of supply.



***We rely on third parties to support our Company sites, and our business will suffer if they do not provide adequate support.***

A stable network of servers and routers capable of handling high internet traffic and large database driven search features is required to support our sites. The database and server infrastructure is outsourced to a company designed to provide these specific services. The facility consists of a data center equipped with raised floors, backup power generation, proper cooling, network bandwidth and security, to support the infrastructure required to handle Internet traffic flow. If they do not provide the level of services and support necessary our business will suffer.

***We may not be successful at marketing our sites or the underlying products.***

We may not be able to market the sites or the underlying products and any financial or research efforts we exert to develop, commercialize or promote such sites and products may not result in revenue or earnings.

***We may lose out to larger and better-established competitors.***

The Internet and catalog industries are intensely competitive. Most of our competitors have significantly greater financial, technical, marketing and distribution resources as well as greater experience in the industry than we have. Our sites may not be competitive with other technologies. If this happens, our sales and revenues will decline. In addition, our current and potential competitors may establish cooperative relationships with larger companies, to gain access to greater development or marketing resources. Competition may result in price reductions, reduced gross margins and loss of market share.

*Our sites may be displaced by newer technology.*

The Internet and catalog industries are undergoing rapid and significant technological change. Third parties may succeed in developing or marketing technologies and products that are more effective than those developed or marketed by us, or that would make our technology and sites obsolete or non-competitive. Accordingly, our success will depend, in part, on our ability to respond quickly to technological changes through the development and introduction of new sites and products. We may not have the resources to do this. If our sites or product candidates become obsolete and our efforts to secure and develop new products and sites do not result in any commercially successful sites or products, our sales and revenues will decline.

### **Risks Relating to our Stock**

*We have no firm commitments to purchase any substantial amount of shares.*

We have no firm commitment for the purchase of any large quantities of shares. Therefore there is no assurance that a trading market will develop or be sustained. The Company has not engaged a placement agent or broker for the sale of the shares. The Company may be unable to identify investors to purchase the shares and may have inadequate capital to support its ongoing business obligations.

*All proceeds from the sale of shares offered by the company will be and have been immediately available for use by the company.*

All proceeds from the sale of shares to date, offered by the company, have been and will continue to be available for immediate use by the company. The proceeds of the sale may not be sufficient to implement the company's business strategy.

*The sale of the shares of common stock acquired in private placements could cause the price of our common stock to decline.*

During 2009, 2010, 2011 and 2012, we completed financings in which we issued common stock to certain private investors. The terms of these transactions require that for certain shares, we file registration statements with the

Securities and Exchange Commission under which the investors may resell to the public common stock acquired in these transactions.

The selling stockholders under these registration statements may sell none, some, or all of the shares of common stock acquired from us. We have no way of knowing whether or when the selling stockholders will sell the shares covered by these registration statements. Depending upon market liquidity at the time, a sale of shares covered by these registration statements at any given time could cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock under these registration statements, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

Currently, our shares are traded on the OTC.BB under the symbol of MYCG.

*A low market price would severely limit the potential market for our common stock.*

Our common stock is expected to trade at a price substantially below \$5.00 per share, subjecting trading in the stock to certain SEC rules requiring additional disclosures by broker-dealers. These rules generally apply to any non-NASDAQ equity security that has a market price share of less than \$5.00 per share, subject to certain exceptions (a penny stock). Such rules require the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and institutional or wealthy investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to the sale. The broker-dealer also must disclose the commissions payable to the broker-dealer, current bid and offer quotations for the penny stock and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the

broker-dealer's presumed control over the market. Such information must be provided to the customer orally or in writing before or with the written confirmation of trade sent to the customer. Monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. The additional burdens imposed upon broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our common stock.

***FINRA sales practice requirements may also limit a stockholders ability to buy and sell our stock.***

In addition to the penny stock rules promulgated by the SEC, which are discussed in the immediately preceding risk factor, FINRA rules require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative, low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit the ability to buy and sell our stock and have an adverse effect on the market value for our shares.

***An investor's ability to trade our common stock may be limited by trading volume.***

A consistently active trading market for our common stock may not occur on the OTCBB. A limited trading volume may prevent our shareholders from selling shares at such times or in such amounts as they may otherwise desire. The company's shares are currently traded on the OTCBB under the symbol MYCG.

***Our company has a concentration of stock ownership and control, which may have the effect of delaying, preventing, or deterring a change of control.***

Our common stock ownership is highly concentrated. Through ownership of shares of our common stock, one shareholder, Jerrold D. Burden, Chairman beneficially owns 65% of our total outstanding shares of common stock. As a result of the concentrated ownership of the stock, this stockholder, acting alone, will be able to control all matters requiring stockholder approval, including the election of directors and approval of mergers and other significant corporate transactions. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company. It could also deprive our stockholders of an opportunity to receive a premium for their shares as part of a sale of our company and it may affect the market price of our common stock.

*We have not voluntarily implemented various corporate governance measures, in the absence of which, shareholders may have more limited protections against interested director transactions, conflicts of interest and similar matters.*

Federal legislation, including the Sarbanes-Oxley Act of 2002, has resulted in the adoption of various corporate governance measures designed to promote the integrity of the corporate management and the securities markets. Some of these measures have been adopted in response to legal requirements; others have been adopted by companies in response to the requirements of national securities exchanges, such as the NYSE or the NASDAQ Stock Market, on which their securities are listed. Among the corporate governance measures that are required under the rules of national securities exchanges and NASDAQ, are those that address the board of Directors independence, audit committee oversight, and the adoption of a code of ethics. While our Board of Directors has adopted a Code of Ethics and Business Conduct, we have not yet adopted any of these corporate governance measures, and since our securities are not listed on a national securities exchange or NASDAQ, we are not required to do so. It is possible that if we were to adopt some or all of these corporate governance measures, shareholders would benefit from somewhat greater assurances that internal corporate decisions were being made by disinterested directors and that policies had been implemented to define responsible conduct. For example, in the absence of audit, nominating and compensation committees comprised of at least a majority of independent directors, decisions concerning matters such as compensation packages to our senior officers and recommendations for director nominees, may be made by a majority of directors who have an interest in the outcome of the matters being decided. Prospective investors should bear in mind our current lack of corporate governance measures in formulating their investment decisions.

*Because we will not pay dividends in the foreseeable future, stockholders will only benefit from owning common stock if it appreciates.*

We have never paid dividends on our common stock and we do not intend to do so in the foreseeable future. We intend to retain any future earnings to finance our growth. Accordingly, any potential investor who anticipates the need for current dividends from his investment should not purchase our common stock.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTY**

We currently lease office space at 6301 N.W. 5<sup>th</sup> Way, Suite 1400, Fort Lauderdale, Florida, as our principal offices for \$750 per month, under a Sublease Agreement entered into January 1, 2012. The lease term is month to month. We believe these facilities are in good condition, but that we may need to expand our leased space as our research and development efforts increase.

#### **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse affect on our business, financial condition or operating results

#### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.



## **PART II**

### **ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

#### **Market Information**

No dividends have been paid to date and the Company's Board of Directors does not anticipate paying dividends in the foreseeable future.

As of December 21, 2012, the Company had 1,386,280 shares of common stock issued, par value \$0.001, held by approximately 80 shareholders of record.

#### **Dividend Policy**

We have not paid any cash dividends on our common stock and do not plan to pay any such dividends in the foreseeable future. Our Board of Directors, or Board, will determine our future dividend policy on the basis of many factors, including results of operations, capital requirements, and general business conditions.

#### **Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities**

There were no sales of unregistered securities during this period of time.

### **ITEM 6. SELECTED FINANCIAL DATA**

Not Applicable to smaller reporting companies.



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

### **FORWARD LOOKING STATEMENTS**

There are statements in this Form 10-K that are not historical facts. These "forward-looking statements" can be identified by use of terminology such as "believe", "hope", "may", "anticipate", "should", "intend", "plan", "will", "expect", "estimate", "project", "positioned", "strategy", and similar expressions. You should be aware that these forward-looking statements are subject to risks and uncertainties that are beyond our control. For a discussion of these risks, you should read this entire 10-K document carefully. Although management believes that the assumptions underlying the forward-looking statements are reasonable, they do not guarantee our future performance, and actual results could differ from those contemplated by these forward-looking statements. The assumptions used for the purposes for 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. In the light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in this Form 10-K will in fact transpire. You are cautioned not to place reliance on these forward-looking statements, which speak only as of their dates. We do not undertake any obligation to update or revise any forward-looking statements.

## OVERVIEW

Bright Mountain Holdings, Inc. and Subsidiary formerly known as My Catalogs Online, Inc. (Bright Mountain, Company "we" "us" "our") was organized as Mycatalogsonline.com, Inc. in the state of Nevada on January 26, 2009. The Company holds the domain names to various catalog shopping web sites and provides a master web link to these sites. In April 2009, the Company changed its name to My Catalogs Online, Inc., and again in November 2012 to Bright Mountain Holdings, Inc., however, the Company maintains the web domain of Mycatalogsonline.com and does business under that name.

The Company owns 100% of the outstanding common stock of Catalog Enterprises, Inc. which was formed in March 2009, for the purpose of acquiring and maintaining domain names for future use within the Company's business model and for providing website development services for other companies.

## CRITICAL ACCOUNTING ESTIMATES

In response to the SEC's financial reporting release, FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, the Company has selected its more subjective accounting estimation processes for purposes of explaining the methodology used in calculating the estimate, in addition to the inherent uncertainties pertaining to the estimate and the possible effects on the Company's financial condition. These accounting estimates are discussed below. These estimates involve certain assumptions that if incorrect could create a material adverse impact on the Company's results of operations and financial condition.

### *Revenue Recognition*

Revenue is recognized when persuasive evidence of an arrangement exists, products are delivered to and accepted by the customer, economic risk of loss has passed to the customer, the price is fixed or determinable, collection is reasonably assured, and any future obligations of the Company are insignificant.

Revenue can be derived from five primary streams as follows: affiliate marketing commissions, website development services, advertising, infomediary data, and catalog conversion further defined below:

*Affiliate Marketing Commissions:* By bringing buyers and sellers together to facilitate transactions, affiliate partner commissions are paid by online merchants. When a customer clicks on an image of a product they wish to purchase, the order will be processed by the "affiliate" partner that then handles fulfillment of the customer's order. In other words, MyCatalogsOnline.com does not stock or ship any product that is purchased. The customer's orders are filled by the actual vendor and the Company receives a commission for driving the customer to the vendor. This Model is currently in use by the Company. Revenue is recognized when the order is filled by the vendor.

*Website Development Services:* As the Company continues to develop its core business, the company leverages its expertise and team of design and development resources, to build and optimize websites for other Companies, generating additional revenues. This model is currently in use by the Company. Revenue is recognized when services are rendered.

*Advertising:* Charging companies to advertise their products to our site visitors, by means such as banner advertising, email campaigns and text message marketing. This Model is not currently being used by the Company at this time, but is under consideration and being marketed at this time. Revenue related to advertising sales will be recognized at the time the advertisement is displayed.

*Infomediary Data:* Selling data collected from site users, including product preferences, to companies that wish to understand a market better. Data will be derived from TheBigBuzz.com social shopping site, and My Catalog user shopping and browsing behavior. This Model is not currently being used by the Company at this time, but is under consideration. Revenue will be recognized upon the sale and delivery of the data.

*Catalog Conversion:* Through the Company's Green initiative, the Company intends to utilize its custom conversion tool to assist its customers in the conversion from print to digital media for a fee. This Model is not currently being used by the Company at this time, but is under consideration. Revenue will be recognized when the services have been rendered.

#### *Website Development Costs*

The Company accounts for website development costs in accordance with Accounting Standards Codification 350-50 Website Development Costs (ASC 350-50). All costs incurred in the planning stage are expensed as incurred, costs incurred in the website application and infrastructure development stage are accounted for in accordance with ASC 350-50 which requires the capitalization of certain costs that meet specific criteria, and costs incurred in the day to day operation of the website are expensed as incurred. The Company capitalizes external website development costs ( website costs ), which primarily include third-party costs related to acquiring domains and developing applications, as well as costs incurred to develop or acquire and customize code for web applications, costs to develop HTML web pages or develop templates and costs to create initial graphics for the website that included the design or layout of each page.

#### *Impairment of Long Lived Assets*

The Company accounts for long-lived assets in accordance with the provisions of ASC 360-10 (SFAS No. 144), Accounting for the Impairment or Disposal of Long-Lived Assets . This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

## **RESULTS OF OPERATIONS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2012 COMPARED TO THE YEAR ENDED  
SEPTEMBER 30, 2011**

*Revenue:* The Company's revenues increased approximately 175% from \$26,970 during the year ended September 30, 2011 as compared to \$73,921 for the year ended September 30, 2012 due to an increase in website development services, however, all of these services in 2012 were provided to a related party affiliate.

*Operating Expenses:* The Company's operating expenses increased approximately 6% from \$250,716 during the year ended September 30, 2011 as compared to \$267,284 for the year ended September 30, 2012. The primary reason for this was due to the increase in programming and development expenses which corresponds to our increase in revenues.

*Interest Expense:* The Company's interest expense decreased approximately 90% from \$218,965 during the year ended September 30, 2011 as compared to \$24,480 for the year ended September 30, 2012 primarily due to the fact there were no further issuances of notes payable and 2011 included a debt extinguishment charge of approximately \$203,500 which was not present in 2012.

The Company's net loss from operations decreased approximately 14% from \$223,746 for the year ended September 30, 2011 as compared to \$193,363 for the year ended September 30, 2012. The primary reason for this was due to the increase in revenues such as website development services.

## **LIQUIDITY AND CAPITAL RESOURCES**

Net cash used in operating activities was \$7,497 for the year ended September 30, 2012 as compared to \$107,943 for the year ended September 30, 2011, due to increases in amortization of prepaid shares issued for services and accrued salary promissory notes.

Net cash used in investing activities was \$0 for the year ended September 30, 2012 as compared to \$2,610 for the year ended September 30, 2011, due primarily to a decrease in website development costs.

Net cash provided by financing activities was \$10,000 for the year ended September 30, 2012 as compared to \$92,359 for the year ended September 30, 2011, primarily due to a decrease in proceeds from the sale of common stock.

As of December 11, 2012, the Company had approx. \$3,000 in cash. The Company plans to fund ongoing operations by continuing to pursue contracts to develop websites in efforts to generate additional revenue. In addition, the Company is actively seeking investor funding.

## **RELATED PERSON TRANSACTIONS**

For information on related party transactions and their financial impact, see Note 8 to the consolidated financial statements.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2011, the FASB, issued ASU 2011-05, which amends ASC Topic 220, Comprehensive Income, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The ASU does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. This ASU is effective for interim and annual periods beginning after December 15, 2011. The Company will adopt ASU 2011-05 effective October 1, 2012, and such adoption is not expected to have a material effect on the Company's financial statements.

In September 2011, the FASB issued ASU 2011-08, which amends ASC Topic 350, Intangibles-Goodwill and Other, to allow entities to use a qualitative approach to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If after performing the qualitative assessment an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step goodwill impairment test. The amendments are effective for annual and interim goodwill

impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The Company adopted ASU 2011-08 effective September 30, 2011, and such adoption did not have a material effect on the Company's financial statements.

In December 2011, the FASB issued ASU 2011-12, which amends ASC Topic 220, Comprehensive Income, to defer certain aspects of ASU 2011-05. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company will adopt this guidance, along with ASU 2011-05, on October 1, 2012, and such adoption is not expected to have a material impact on the Company's financial statements.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, that is material to investors.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable for smaller reporting companies.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

See pages elsewhere in this report beginning on page F-1.

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

None.

### **Item 9A CONTROLS AND PROCEDURES**

#### **Disclosure Controls**

We carried out an evaluation required by Rule 13a-15(b) of the Securities Exchange Act of 1934, or the Exchange Act, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rule 13a-15(e). Disclosure controls and procedures are designed with the objective of ensuring that (i) information required to be disclosed in an issuer's reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

The evaluation of our disclosure controls and procedures included a review of our objectives and processes and effect on the information generated for use in this report. This type of evaluation is done quarterly so that the conclusions concerning the effectiveness of these controls can be reported in our periodic reports filed with the SEC. We intend to maintain these controls as processes that may be appropriately modified as circumstances warrant.

Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective in timely alerting them to material information which is required to be included in our periodic reports filed with the SEC as of the end of the period covering this report.



## **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2012 based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the criteria set forth in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of September 30, 2012.

However, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Management necessarily applied its judgment in assessing the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected.

This report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we engaged our independent registered public accounting firm to perform, an audit on our internal control over financial reporting pursuant to the rules of the SEC that permit us to provide only management's report in this report.

### **Changes in Internal Control Over Financial Reporting**

During our most recent fiscal quarter, there has not been any change in our internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f) that has materially affected, or is reasonably likely to affect, our internal control over financial reporting.

### **Item 9B. OTHER INFORMATION**

None.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

<b>Name</b>	<b>Age</b>	<b>Position</b>
Jerrold D. Burden	61	Chairman of the Board, Director, President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer
Ronald Teblum (*)	53	Former President & Chief Executive Officer (*)
Dan O Meara (*)	54	Former Vice President (*)

(\*)

Resigned from all positions with the Company effective November 9, 2012.

***Directors***

**Jerrold D. Burden**

**Chairman of the Board, Director, President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer**

Jerrold D. Burden has served in the above capacities since the inception of the Company. Mr. Burden is chiefly responsible for the first stage development of the Company and the assembly of the initial team of experts required to launch the Company. Mr. Burden has been President of Atomic Guppy, formerly known as XTX Energy since 2005 until August, 2009, when the company Atomic Guppy was acquired by Quamtel. At that time, Mr. Burden resigned as President and devoted full time to the development of the Company.

Mr. Burden is a Colorado native and has been involved in the development of start-up companies since the mid-1980s. Mr. Burden has been involved in fundraising efforts for public and private companies, as well as selected charities. He

has been actively involved in community projects and served as a Director of the Douglas County Economic Development Council. Mr. Burden studied in economics and business while he attended Western State College in Colorado. He is also a veteran of the armed services and was honorably discharged in 1974.

*Executive Officers*

**Ronald Teblum (\*)**

**Former President & Chief Executive Officer (\*)**

Ronald Teblum has been President and Chief Executive Officer and President of the Company since April, 2009. Prior to that time, from 1985 to present, Mr. Teblum has served as President of Mars Research. Mars Research specializes in both quantitative and qualitative research, providing marketing and research services to a large array of businesses in a broad range of industries ranging from small start-up organizations to Fortune 100 companies. These include internationally-known companies such as Burger King, and state-wide companies such as the Florida Tourism Board.

Mr. Teblum has served as Chief Architect behind Mars Research's interactive touch screen and online recruiting survey software used to automate the process for taste test respondents at the Burger King testing facility, including setting up a 50 seat call center for National Opinion Research Services.

Mr. Teblum has devoted a substantial amount of time and resources to the development of the Company.

Mr. Teblum graduated Rutgers University in 1981 with a degree in Accounting. He started at a young age and has continued studies in programming, building computer systems and Windows networks, as well as web development.

**Dan O Meara (\*)**

**Former VP, Investor Relations (\*)**

Dan O Meara has served as Vice President of the Company since its inception. Mr. O Meara is the owner of Colorado Franchise of Assist2Sell Real Estate. Mr. O Meara has been the franchise owner since 2000 until present. Mr. O Meara dedicates only a portion of his time to the development of the Company.

Dan O Meara is a graduate of The Ohio State University with a B.S. and M.S. and the University Of Colorado School Of Law. His law career focused on transactional and financing practice.

**Family Relationships.** There are no family relationships among the directors and executive officers of the company.

(\*)

Resigned from all positions with the Company effective November 9, 2012.

**Corporate Governance:**

**Code of Conduct and Ethics.** We have adopted a code of business conduct and ethics that applies to our directors, officers and all employees. The code of business conduct and ethics may be obtained free of charge by writing to Bright Mountain Holdings, Inc., Attn: Chief Financial Officer, 6301 N.W. 5<sup>th</sup> Way, Suite 1400, Fort Lauderdale, FL 33309.

## **ITEM 11. EXECUTIVE COMPENSATION**

Summary Compensation Table. The following table sets forth certain information concerning the annual compensation of our Chief Executive Officer, Chief Financial Officer during the last two fiscal years.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
						Non-equity	Nonqualified		
						Incentive	Deferred		
Name and Principal Position	Year	Salary	Bonus	Awards	Option Awards	plan compensation	Compensation earnings	All Other Compensation	Total Compensation
Jerrold D. Burden	2012	\$96,000	0		0	0	0	0	\$96,000
<i>Chairman of the Board, CEO, CFO, Secretary, Treasurer</i>	2011	\$72,000	0		0	0	0	0	\$72,000
Ronald Teblum	2012	\$24,000	0		0	0	0	0	\$24,000
<i>Former President &amp; Chief Executive Officer</i>	2011	\$18,000	0		0	0	0	0	\$18,000

Outstanding Equity Awards at Fiscal Year End. There were no outstanding equity awards as of September 30, 2012.

Compensation of Directors. We have no non-employee directors and two employee directors and no compensation was paid to these directors in the period ended September 30, 2012 and 2011. We intend to identify qualified candidates to serve on the Board of Directors and to develop a compensation package to offer to members of the Board of Directors and its Committees. One of those directors resigned in November 2012.

Audit, Compensation and Nominating Committees. Considering the fact that we are an early stage company, we do not maintain standing audit, compensation or nominating committees. The functions typically associated with these committees are performed by the entire Board of Directors which currently consists of one member who is not considered independent.



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

Security Ownership of Principal Stockholders, Directors, Nominees and Executive Officers and Related Stockholder Matters.

The following table sets forth, as of September 30, 2012, certain information with respect to the beneficial ownership of shares of our common stock by: (i) each person known to us to be the beneficial owner of more than five percent (5%) of our outstanding shares of common stock, (ii) each director or nominee for director of our Company, (iii) each of the executives, and (iv) our directors and executive officers as a group. Unless otherwise indicated, the address of each shareholder is c/o our company at our principal office address:

Beneficial Owner	Address	Number of Shares	
		Beneficially Owned (*)	Percent of Class (**)
Jerrold D. Burden		900,000	64.9 %
Ron Teblum		200,000	14.4 %
All Directors and Officers as a Group (2 persons)		1,100,000	79.3 %

(\*)

Beneficial ownership is determined in accordance with the rules of the SEC which generally attribute Beneficial ownership of securities to persons who possess sole or shared voting power and/or investment power with respect to those securities. Unless otherwise indicated, voting and investment power are exercised solely by the person named above or shared with members of such person's household. This includes any shares such person has the right to acquire within 60 days.

(\*\*)

Percent of class is calculated on the basis of the number of shares outstanding on December 21, 2012 (1,386,280).



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

The Company has convertible notes payable to two officers (CEO and CFO) aggregating \$147,250 and \$56,192 respectively, as of September 30, 2012. During fiscal 2011, the Company repaid \$59,500 related to these notes. On July 25, 2011 the officers agreed, by written consent, to convert 50% of their accrued salary promissory notes into convertible notes payable at a conversion price of \$0.04 per share. Both notes bear interest at 12% per year and are payable on demand. Accrued interest due under these notes was \$62,695 and \$38,215 at September 30, 2012 and 2011 respectively.

Two officers (CEO and CFO) of the Company have agreed to defer their salaries until the Company generates sufficient revenues to be able to pay them. As a result, the Company executed deferral agreements in the form of non-interest bearing promissory notes totaling \$10,000 per month in the aggregate. Accrued salaries at September 30, 2012 and 2011 was \$223,750 and \$104,750 (after giving effect to the above mentioned exchange) respectively. On April 1, 2010, both officers agreed to waive any further salary accrual until such time the Company is financially able. Effective January 1, 2011, the officers, by written consent of the directors, re-instated the prior employment agreements. On July 25, 2011, the officers agreed, by written consent, to convert 50% of their accrued salaries to convertible notes payable, at a conversion price of \$0.40 per share. See above for total note balance outstanding as of September 30, 2012.

The Company sub-leased office space from a company which was affiliated with a former officer (CEO) of the company. The lease agreement provided for monthly rental of \$500, on a month to month basis, and payable in cash or common stock. The agreement ceased December 31, 2011.

The Company, from time to time, conducts business with an affiliated Company where the former CEO of the Company, is also the CEO. The Company incurred \$11,500 of expense to this affiliated Company during fiscal 2012 for website development services.

The Company's revenues during fiscal 2012 for website development services was almost entirely derived from a related party where our chairman is also the president.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

We do not currently have an audit committee, however it is our policy to have all audit and audit-related fees pre-approved by the board of directors.

The Board of directors reviews and approves audit and permissible non-audit services performed by its independent registered public accounting firm, as well as the fees charged for such services. In its review of non-audit service and its appointment of Salberg & Company, P.A. as our independent registered public accounting firm, the Board of Directors considered whether the provision of such services is compatible with maintaining independence. All of the services provided and fees charged by Salberg & Company, P.A. in 2012 and 2011 were approved by the Board of Directors. The following table shows the fees for the year ended September 30, 2012 and 2011:

	<b>2012</b>		<b>2011</b>
Audit Fees <sup>(1)</sup>	\$ 14,000	\$	17,762
Audit Related Fees <sup>(2)</sup>	\$ 0	\$	0
Tax Fees <sup>(3)</sup>	\$ 0	\$	0
All Other Fees	\$ 0	\$	0

(1)

Audit fees – these fees relate to the audit of our annual financial statements and the review of our interim quarterly financial statements.

(2)

Audit related fees – these fees relate primarily to the auditors' review of our registration statements and audit related consulting. No fees of this sort were billed by Salberg & Company, P.A., our principal accountant during 2012 or 2011.

(3)

Tax fees no fees of this sort were billed by Salberg & Company P.A., our principal accountant during 2012 or 2011.

## **PART IV**

### **ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

<b>Exhibit No.</b>	<b>Exhibit Type</b>
31.1	Certification of Principal Executive Officer (Section 302)
31.2	Certification of Principal Financial Officer (Section 302)
32.1	Certification of Principal Executive Officer (Section 906)
32.2	Certification of Principal Financial Officer (Section 906)

**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.

**My Catalogs Online, Inc.**

Date: December 31, 2012

By:

/s/ Jerrold D. Burden  
Jerrold D. Burden  
CEO (Principal Executive Officer),  
President

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of:

Bright Mountain Holdings, Inc. and Subsidiary (F.K.A. My Catalogs Online, Inc.)

We have audited the accompanying consolidated balance sheets of Bright Mountain Holdings, Inc. and Subsidiary (F/K/A My Catalogs Online, Inc.) at September 30, 2012 and 2011, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for each of the two years in the period ended September 30, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bright Mountain Holdings, Inc. and Subsidiary (F/K/A My Catalogs Online, Inc.) as of September 30, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the two years in the period ended September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company reported a net loss of \$217,843 and \$442,711 in 2012 and 2011 respectively, and used cash for operating activities of \$7,497 and \$107,943 in 2012 and 2011, respectively. In addition, the Company has a working capital deficit, stockholders' deficit and accumulated deficit of \$523,674, \$523,674 and \$1,126,676, respectively, at September 30, 2012. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's Plan in regards to these matters is also described in Note 2. The consolidated financial statements do not include any adjustments that might

result from the outcome of this uncertainty.

*/s/ SALBERG & COMPANY, P.A.*

SALBERG & COMPANY, P.A.

Boca Raton, Florida

December 31, 2012

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**BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARY****(F/K/A MY CATALOGS ONLINE, INC.)****Consolidated Balance Sheets**

	<b>September 30, 2012</b>	<b>September 30, 2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 4,125	\$ 1,622
Accounts receivable	-	9,154
Prepaid expenses	-	37,500
<b>Total current assets</b>	<b>4,125</b>	<b>48,276</b>
<b>Total Assets</b>	<b>\$ 4,125</b>	<b>\$ 48,276</b>
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ 12,212	\$ 3,000
Accrued expenses - related parties	88,395	60,415
Accrued salary - promissory notes	223,750	104,750
Convertible promissory notes - related parties	203,442	203,442
<b>Total current liabilities</b>	<b>527,799</b>	<b>371,607</b>
 Commitments and Contingencies (see Note 11)		
 <b>Stockholders Deficit</b>		
Common stock, \$0.001 par value; 200,000,000 shares authorized 1,386,280 and 1,351,280 issued and outstanding at September 30, 2012 and 2011, respectively	1,386	1,351
Additional paid-in capital	601,616	584,151
Accumulated Deficit	(1,126,676)	(908,833)
<b>Total stockholders deficit</b>	<b>(523,674)</b>	<b>(323,331)</b>
<b>Total Liabilities and Stockholders Deficit</b>	<b>\$ 4,125</b>	<b>\$ 48,276</b>

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



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**BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARY****(F/K/A MY CATALOGS ONLINE, INC.)****Consolidated Statements of Operations**

	<b>For the year ended September 30,</b>		<b>For the year ended September 30,</b>
	<b>2012</b>		<b>2011</b>
Revenues:			
Affiliate Commissions	\$ 202	\$	316
Website Development services - Related Party	73,719		-
Website Development services	-		26,654
Total Revenues	73,921		26,970
Operating Expenses:			
Internet & hosting services	341		1,806
Programming & development - related party	11,500		-
Programming & development	34,076		21,838
Advertising & marketing	1,617		494
Domain names and website development costs	5,516		5,017
Office and administrative	3,963		13,367
Travel & entertainment	9,055		14,634
Professional fees	72,966		67,560
Salaries	120,000		120,000
Rent	6,750		-
Rent - related party	1,500		6,000
Total Operating Expenses	267,284		250,716
Loss From Operations	(193,363)		(223,746)
Other Expense			
Interest expense	24,480		218,965
Total Other Expense	24,480		218,965
Net loss	\$ (217,843)	\$	(442,711)
Net loss per share - basic and diluted	\$ (0.16)	\$	(0.34)
Weighted average number of common shares - basic and diluted	1,366,348		1,308,553

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

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**BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARY****(F/K/A MY CATALOGS ONLINE, INC.)****Consolidated Statement of Changes in Stockholders' Deficit****For the Years ended September 30, 2012 and 2011**

	<b>Common Stock</b>		<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid-in</b>	<b>Deficit</b>	<b>Stockholders'</b>
	<b>Issuable</b>		<b>Issued</b>		<b>Capital</b>		<b>Deficit</b>
Balance at September 30, 2010	12,850	\$ 13	1,237,500	\$ 1,237	\$ 148,950	\$ (466,122)	\$ (315,921)
Issuance of previously issuable shares	(12,850)	(13)	12,850	13	-	-	-
Common stock issued for cash	-	-	75,930	76	151,784	-	151,859
Common stock issued for services	-	-	25,000	25	49,975	-	50,000
Embedded conversion based effective interest	-	-	-	-	203,442	-	203,442
Contributed capital	-	-	-	-	30,000	-	30,000
Net loss	-	-	-	-	-	(442,711)	(442,711)
Balance at September 30, 2011	-	\$ -	1,351,280	\$ 1,351	\$ 584,151	\$ (908,833)	\$ (323,331)
Common stock issued for cash	-	-	20,000	20	9,980	-	10,000
Common stock issued for services	-	-	15,000	15	7,485	-	7,500
Net loss	-	-	-	-	-	(217,843)	(217,843)

Balance at September 30, 2012	-	\$	-	1,386,280	\$	1,386	\$	601,616	\$	(1,126,676)	\$	(523,674)
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The accompanying notes are an integral part of these consolidated financial statements

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**BRIGHT MOUNTAIN HOLDINGS, INC. AND SUBSIDIARY****(F/K/A MY CATALOGS ONLINE, INC.)****Consolidated Statements of Cash Flows**

	<b>For the year ended September 30,</b>		<b>For the year ended September 30,</b>
	<b>2012</b>		<b>2011</b>
Operating Activities:			
Net loss	\$ (217,843)	\$	(442,711)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of prepaid shares issued for services	37,500		12,500
Common stock issued for services	7,500		-
Embedded conversion based effective interest	-		203,442
Impairment of website development costs	-		2,610
Contributed capital	-		30,000
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	9,154		(7,154)
Increase in accrued salary promissory notes	119,000		73,500
Increase (decrease) in accrued expenses	9,212		(808)
Increase in accrued expenses - related parties	27,980		20,678
Net cash used in operating activities	(7,497)		(107,943)
Investing Activities:			
Website development costs	-		(2,610)
Net cash used in investing activities	-		(2,610)
Financing Activities:			
Proceeds from sale of common stock	10,000		151,859
Repayment of notes payable -related parties	-		(59,500)
Net cash provided by financing activities	10,000		92,359
Increase (decrease) in cash during the year	2,503		(18,194)
Cash, beginning of year	1,622		19,816
Cash, end of year	\$ 4,125	\$	1,622

**Supplemental disclosure of cash flow information:**

Cash paid for Interest:	\$	-	\$	-
Cash paid for Income Taxes:	\$	-	\$	-

**Supplemental disclosure of noncash investing and financing activities:**

Reclassification of Promissory Notes into Convertible Notes Payable	\$	-	\$	98,692
Reclassification of Accrued Salaries into Convertible Notes Payable	\$	-	\$	104,750
Prepaid Common Stock issued for Services	\$	-	\$	50,000

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

**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Bright Mountain Holdings, Inc. and Subsidiary (F/K/A My Catalogs Online, Inc.) (the Company we us our ) organized as Mycatalogsonline.com, Inc. in the state of Nevada on January 26, 2009. The Company holds the domain names to various catalog shopping web sites and provides a master web link to these sites. In April 2009, the Company changed its name to My Catalogs Online, Inc., however, the Company maintains the web domain of Mycatalogsonline.com and does business under that name.

The Company owns 100% of the outstanding common stock of Catalog Enterprises, Inc., which was formed in March 2009, for the purpose of acquiring and maintaining domain names for future use within the Company's business model and for providing website development services for other companies.

In November 2012 the Company changed its name to Bright Mountain Holdings, Inc. and effected a 1 for 10 reverse stock split (see Note 13).

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Catalog Enterprises, Inc. All material inter-company transactions and accounts have been eliminated in consolidation.

**Use of Estimates**



Our consolidated financial statements are prepared in accordance with Accounting Principles Generally Accepted in the United States ( GAAP ). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of our consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our consolidated financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. Significant estimates include the allowance for doubtful accounts, valuation of intangible assets, estimates of amortization period for intangible assets, valuation of equity based transactions, and the valuation allowance on deferred tax assets.

### **Accounts Receivable**

Accounts receivable are customer obligations due under normal trade terms. The Company reviews accounts receivable on a monthly basis to determine if any receivables will potentially be uncollectible. The Company includes any accounts receivable balances that are determined to be uncollectible, along with a general reserve, in its overall allowance for doubtful accounts as needed. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. No allowance was deemed necessary at September 30, 2012 and 2011 respectively.

**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

**Website Development Costs**

The Company accounts for website development costs in accordance with Accounting Standards Codification 350-50 Website Development Costs (ASC 350-50). All costs incurred in the planning stage are expensed as incurred, costs incurred in the website application and infrastructure development stage are accounted for in accordance with ASC 350-50 which requires the capitalization of certain costs that meet specific criteria, and costs incurred in the day to day operation of the website are expensed as incurred. The Company capitalizes external website development costs ( website costs ), which primarily include third-party costs related to acquiring domains and developing applications, as well as costs incurred to develop or acquire and customize code for web applications, costs to develop HTML web pages or develop templates and costs to create initial graphics for the website that included the design or layout of each page. During the years ended September 30, 2012 and 2011 respectively, website development costs capitalized consisted of costs to obtain and register Internet domains.

Amortization of capitalized domain names is based on the shorter of the useful life, or the registration period of the purchased name. For registration periods of one-year or less, the Company immediately expenses the domain name costs.

**Impairment of Long Lived Assets**

The Company accounts for long-lived assets in accordance with the provisions of ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets . This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

**Fair Value Measurements**

We measure our financial assets and liabilities in accordance with accounting principles generally accepted in the United States of America. For certain of our financial instruments, including cash, accounts receivable, accounts payable, accrued expenses and short term loans the carrying amounts approximate fair value due to their short maturities.

Effective upon inception, we adopted accounting guidance for financial assets and liabilities (ASC 820). The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

**Bright Mountain Holdings, Inc. and Subsidiary****(F/K/A My Catalogs Online, Inc.)****Notes to Consolidated Financial Statements****For the Years Ended September 30, 2012 and 2011**

Upon inception, we adopted a newly issued accounting standard for fair value measurements of all non-financial assets and liabilities not recognized or disclosed at fair value in the consolidated financial statements on a recurring basis.

We currently measure and report at fair value our intangible assets which are non-financial assets. The fair value of intangible assets has been determined using the present value of estimated future cash flows method for 2012 and 2011. The Company could not project positive cash flow for valuation purposes related to domain names and website development costs and therefore, 100% impairment was recorded in 2011. The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2012 and 2011:

		<b>Quoted Prices</b>		<b>Significant</b>				
	<b>Balance at</b>		<b>in Active</b>		<b>other</b>		<b>Significant</b>	
	<b>September 30,</b>		<b>Markets for</b>		<b>Observable</b>		<b>Unobservable</b>	
	<b>2012 and 2011</b>		<b>Identical Assets</b>		<b>Inputs</b>		<b>Inputs</b>	
			<b>(Level 1)</b>		<b>(Level 2)</b>		<b>(Level 3)</b>	
Assets:								
Website Development Costs	\$	-	\$	-	\$	-	\$	-
Domain Names		-		-		-		-
Total Non-Financial Assets	\$	-	\$	-	\$	-	\$	-

The following is a summary of activity for assets measured under level 3 from September 30, 2010 through September 30, 2012 of the fair value of intangible assets:

Ending balance at September 30, 2010	\$	-
Fair value recorded for additional domain purchases in fiscal 2011		2,610
Change in fair value included in net loss		(2,610)
Ending balance at September 30, 2011		-
Fair value recorded for additional domain purchases in fiscal 2012		-

Change in fair value included in net loss		-
Ending balance at September 30, 2012	\$	-

### Share Based Compensation

Compensation expense for all stock-based employee and director compensation awards granted is based on the grant date fair value estimated in accordance with the provisions of ASC Topic 718, *Stock Compensation* ( ASC Topic 718 ). The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. Vesting terms vary based on the individual grant terms.

The Company estimates the fair value of stock-based compensation awards on the date of grant using the Black-Scholes-Merton ( BSM ) option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and are freely transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options and warrants have characteristics different from those of its traded stock, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of such stock options. The BSM option pricing model considers, among other factors, the expected term of the award and the expected volatility of the Company's stock price. Expected terms are calculated using the Simplified Method, volatility is determined based on the Company's historical stock price trends and the discount rate is based upon treasury rates with instruments of similar expected terms. Warrants granted to non-employees are accounted for in accordance with the measurement and recognition criteria of ASC Topic 505-50, *Equity Based Payments to Non-Employees* and as such are valued using the BSM option pricing model.

**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

**Revenue Recognition**

In accordance with ASC 605-10, revenue is recognized when persuasive evidence of an arrangement exists, products are delivered to and accepted by the customer, economic risk of loss has passed to the customer, the price is fixed or determinable, collection is reasonably assured, and any future obligations of the Company are insignificant.

Revenue can be derived from five primary streams as follows: affiliate marketing commissions, website development services, advertising, infomediary data, and catalog conversion further defined below:

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**Affiliate Marketing Commissions:** By bringing buyers and sellers together to facilitate transactions, affiliate partner commissions are paid by online merchants. When a customer clicks on an image of a product they wish to purchase, the order will be processed by the "affiliate" partner that then handles fulfillment of the customer's order. In other words, MyCatalogsOnline.com does not stock or ship any product that is purchased. The customer's orders are filled by the actual vendor and the Company receives a commission for driving the customer to the vendor. This Model is currently in use by the Company. Revenue is recognized when the order is filled by the vendor.

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**Website Development Services:** As the Company continues to develop its core business, the company leverages its expertise and team of design and development resources, to build and optimize websites for other Companies, generating additional revenues. This model is currently in use by the Company. Revenue is recognized when services are rendered.

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**Advertising:** Charging companies to advertise their products to our site visitors, by means such as banner advertising, email campaigns and text message marketing. This Model is not currently being used by the Company at this time, but

is under consideration and being marketed at this time. Revenue related to advertising sales will be recognized at the time the advertisement is displayed.

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**Infomediary Data:** Selling data collected from site users, including product preferences, to companies that wish to understand a market better. Data will be derived from TheBigBuzz.com social shopping site, and My Catalog user shopping and browsing behavior. This Model is not currently being used by the Company at this time, but is under consideration. Revenue will be recognized upon the sale and delivery of the data.

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**Catalog Conversion:** Through the Company's Green initiative, the Company intends to utilize its custom conversion tool to assist its customers in the conversion from print to digital media for a fee. This Model is not currently being used by the Company at this time, but is under consideration. Revenue will be recognized when the services have been rendered.

## **Advertising**

The Company conducts advertising for the promotion of its products and services. In accordance with ASC 720-35, advertising costs are charged to operations when incurred; such amounts aggregated \$1,617 in 2012 and \$494 in 2011.

## **Income Taxes**

The Company accounts for income taxes pursuant to the provisions of ASC 740-10 "Accounting for Income Taxes," which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.





**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

Upon inception, the Company adopted the provisions of ASC 740-10, *Accounting for Uncertain Income Tax Positions*. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for unrecognized tax benefits. As of September 30, 2012, tax years 2012, 2011, 2010 and 2009 remain open for IRS audit. The Company has received no notice of audit from the Internal Revenue Service for any of the open tax years.

Additionally, upon inception, the Company adopted ASC 740-10 which provided guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. The term *effectively settled* replaces the term *ultimately settled* when used to describe recognition, and the terms *settlement* or *settled* replace the terms *ultimate settlement* or *ultimately settled* when used to describe measurement of a tax position and clarifies that a tax position can be effectively settled upon the completion of an examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. This adoption did not have an impact on the accompanying consolidated financial statements.

**Basic and Diluted Net Loss per Common Share**

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding for the period and, if dilutive, potential common shares outstanding during the period. Potentially dilutive securities consist of the incremental common shares issuable upon

exercise of common stock equivalents such as stock options and convertible debt instruments. Potentially dilutive securities are excluded from the computation if their effect is anti-dilutive. As of September 30, 2012 and 2011, there was convertible debt convertible into 508,605 shares of common stock representing potentially dilutive securities. Dilutive common stock equivalents were not included in the computation of diluted net loss per share because the effects would have been anti-dilutive due to the net losses and as a result, the basic and diluted per share amounts for all periods presented are identical.

### **Recent Accounting Pronouncements**

In June 2011, the FASB, issued ASU 2011-05, which amends ASC Topic 220, Comprehensive Income, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The ASU does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. This ASU is effective for interim and annual periods beginning after December 15, 2011. The Company will adopt ASU 2011-05 effective October 1, 2012, and such adoption is not expected to have a material effect on the Company's financial statements.

**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

In September 2011, the FASB issued ASU 2011-08, which amends ASC Topic 350, Intangibles-Goodwill and Other, to allow entities to use a qualitative approach to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If after performing the qualitative assessment an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step goodwill impairment test. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The Company adopted ASU 2011-08 effective September 30, 2011, and such adoption did not have a material effect on the Company's financial statements.

In December 2011, the FASB issued ASU 2011-12, which amends ASC Topic 220, Comprehensive Income, to defer certain aspects of ASU 2011-05. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company will adopt this guidance, along with ASU 2011-05, on October 1, 2012, and such adoption is not expected to have a material impact on the Company's financial statements.

**Note 2 - Going Concern**

As reflected in the accompanying consolidated financial statements for the year ended September 30, 2012, the Company reported a net loss of \$217,843 and \$442,711 in 2012 and 2011 respectively, and used cash for operating activities of \$7,497 and \$107,943 in 2012 and 2011, respectively. In addition, the Company has a working capital deficit, stockholders' deficit and accumulated deficit of \$523,674, \$523,674 and \$1,126,676, respectively, at September 30, 2012. These matters raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to implement its business plan and continue as a going concern. Management plans to continue to pursue contracts to develop websites in efforts to generate additional revenue. In addition, the Company is actively seeking investor funding. The company has elected to study the possibility of a merger partnership with a private entity to further the possibilities of success and the protection of the shareholders interests in the company. (See Note 13)

**Note 3 Accounts Receivable**

As of September 30, 2011, accounts receivable in the amount of \$9,154 consisted of amounts due from one customer related to website development services or affiliate commissions. This receivable was collected during fiscal 2012.

**Note 4 Domain Names**

The Company capitalized costs associated with the direct purchase of internet domain names. As of September 30, 2012, the Company owned approximately 1,100 internet domain names.

During fiscal 2011, the Company purchased and capitalized \$2,610 in costs associated with domain name purchases. After the Company conducted its annual impairment test, these amounts were expensed as the Company could not project positive cash flow for valuation purposes related to domain names.

**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

**Note 5 Accrued Expenses - Related Party**

The major components of accrued expenses - related party are summarized as follows:

	<b>September 30,</b>		<b>September 30,</b>	
	<b>2012</b>		<b>2011</b>	
Accrued rent - related party	\$	17,000	\$	15,000
Accrued interest - related party		62,695		38,215
Other accrued expenses - related party		8,700		7,200
Total accrued expenses - related party	\$	88,395	\$	60,415

**Note 6 Notes Payable Related Parties**

The Company had notes payable to two officers. During fiscal 2011, the Company repaid \$59,500 related to these notes. These notes were modified in fiscal 2011 to add a conversion feature and have been reclassified at September 30, 2012 and 2011 to convertible promissory notes - related parties in the accompanying consolidated balance sheet. (See Note 7.)

**Note 7 Convertible Promissory Notes Related Parties**

On July 25, 2011, the Company exchanged 50% of the accrued salary promissory notes due each officer (see Note 8) into convertible notes payable. The amounts exchanged were \$83,750 and \$21,000 respectively. Additionally, the officers exchanged 100% of their previously issued promissory notes (see Note 6) for convertible notes totaling \$63,500 and \$35,192 respectively. Total newly issued convertible notes amount to \$147,250 and \$56,192 respectively. The exchange was accounted for as a debt extinguishment and new issuance of debt due to the addition of the conversion feature in accordance with ASC 470. The beneficial conversion feature was evaluated and the Company recorded a debt discount for the beneficial conversion value of \$203,442, however, the notes were due on

demand so this was immediately charged to interest expense with a credit to APIC as embedded conversion based effective interest. The new terms of the convertible debt are as follows: interest at 12%, unsecured, due on demand and convertible into shares at a fixed price of \$0.40. The total outstanding convertible promissory note balance as of September 30, 2012 and 2011 was \$203,442 and \$203,442 respectively. Accrued interest due under these notes was \$62,695 and \$38,215 at September 30, 2012 and 2011 respectively, and is included in accrued expenses related parties in the accompanying consolidated balance sheet. (See Note 5)

#### **Note 8 Related Party Transactions**

The Company has loans outstanding to its officers, (see Note 7) and accrued expenses due to related parties (see Note 5).

Two officers of the Company previously agreed to defer their salaries until the Company generates sufficient revenues to be able to pay them. As a result, the Company executed deferral agreements in the form of non-interest bearing promissory notes totaling \$10,000 per month in the aggregate. On April 1, 2010, both officers agreed to waive any further salary accrual until such time the Company is financially able. The company recorded contributed capital for services performed without compensation for the period from April 1, 2010 through the year ended September 30, 2010 of \$60,000 and \$30,000 for the year ended September 30, 2011. Contributed capital amounts were computed based on the previous employment agreements. Effective January 1, 2011, the officers, by written consent of the directors, re-instated the prior employment agreements. On July 25, 2011, the officers agreed, to convert 50% of their accrued salaries to convertible notes payable, convertible at a price of \$0.40 per share. Accrued salaries at September 30, 2012 and 2011 was \$223,750 and \$104,750 (after giving effect to the above mentioned exchange), respectively. The related salary expense for the years ended September 30, 2012 and 2011 was \$120,000 and \$120,000 respectively.

**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

The Company sub-leased office space from a company which is affiliated with an officer of the company. The lease agreement provided for monthly rental of \$500, on a month to month basis, and payable in cash or common stock. Accrued rent, which is included in accrued expenses related party in the accompanying balance sheet, at September 30, 2012 and 2011 was \$17,000 and \$15,000, respectively, and rent expense for the years then ended totaled \$8,250 and \$6,000 respectively. In January 2012, the Company ended the related party rent agreement and entered into a month to month sub-let plan with a non-related party at \$750 per month.

The Company, from time to time, conducts business with an affiliated Company where the CEO of My Catalogs Online, is also the CEO. The Company incurred \$11,500 of expense to this affiliated Company during fiscal 2012 for programming and development services.

The Company's revenue during fiscal 2012 for website development services was almost entirely derived from a related party where the Chairman and CEO of the Company was the President.

**Note 9 Stockholders' Deficit**

On November 14, 2012, the Company effected a 1 for 10 reverse stock split of the outstanding common stock of the Company. All share and per share information in the accompanying consolidated financial statements and footnotes has been retroactively adjusted to give effect to the reverse stock split.

Common stock issued for cash:

During the year ended September 30, 2011, the Company received executed subscription agreements for a total of 75,930 shares of common stock at \$2.00 per share for total proceeds of \$151,859.

During the year ended September 30, 2012, the Company received executed subscription agreements for a total of 20,000 shares of common stock at \$0.50 per share for total proceeds of \$10,000.

Common stock issued for services:

On July 1, 2011, the Company issued 25,000 shares of common stock to a third party consultant whereby, the consultant is to provide the defined services for a period of one-year. The shares were valued at \$2.00 per share (based on the Company's then last cash sales price) or \$50,000 were amortized over the one-year term of the agreement. The \$37,500 unamortized balance as of September 30, 2011 was reflected as a prepaid expense in the accompanying consolidated financial statements and fully amortized during fiscal 2012.

In July of 2012, the Company issued 15,000 shares of common stock in connection with legal advisory services provided to the company. The shares were valued at \$0.50 per share (based on the Company's then last cash sales price) and \$7,500 was expensed.

Contributed capital:

As a result of the Company's officers deferring salaries until the Company is more financially stable, the Company recorded \$30,000 of contributed capital for the year ended September 30, 2011. The value of these services were derived from the officers prior employment agreements. (See Note 8)



**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

**Note 10 Income Taxes**

There was no income tax expense in fiscal 2012 and 2011 due to the Company's net taxable losses.

The reconciliation of income tax expense (benefit) computed at the United States federal tax rate of 34% to income tax expense (benefit) is as follows:

	<b>2012</b>	<b>2011</b>
Tax benefit at the United States statutory rate	\$ (74,067)	\$ (150,522)
State income tax, net of federal benefit	(8,447)	(17,242)
Meals	1,539	2,488
Other	-	82,099
Change in valuation allowance	80,975	83,177
Income tax expense (benefits)	\$ -	\$ -

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets is as follows:

	<b>2012</b>	<b>2011</b>
Net operating loss carryforward	\$ 279,835	\$ 250,486
Accrued salary	51,626	-
Impairment expense	-	-
Amortization expense	-	-
Valuation allowance	(331,461)	(250,486)
Net deferred tax assets	\$ -	\$ -

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. At September 30, 2012 the

Company has net operating losses (NOL) of approximately \$737,000 that will expire from 2031 to 2032. In the event that a significant change in ownership of the Company occurs as a result of the Company's issuance of common stock, the utilization of the NOL carry forward will be subject to limitation under certain provisions of the Internal Revenue Code. Management does not presently believe that such a change has occurred.

A valuation allowance is established if it is more likely than not that all or a portion of the deferred tax asset will not be realized. Accordingly, a valuation allowance was established at September 30, 2012 and 2011 for the full amount of our deferred tax assets due to the uncertainty of realization. Management believes that based upon its projection of future taxable operating income for the foreseeable future, it is more likely than not that the Company will not be able to realize the benefit of the deferred tax assets at September 30, 2012 and 2011. The valuation allowance as of September 30, 2012 was \$331,461. The net change in the valuation allowance during the year ended September 30, 2012 was an approximate increase of \$80,975.

#### **Note 11 Commitments and Contingencies**

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of September 30, 2012 and 2011, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on our results of operations.

**Bright Mountain Holdings, Inc. and Subsidiary**

**(F/K/A My Catalogs Online, Inc.)**

**Notes to Consolidated Financial Statements**

**For the Years Ended September 30, 2012 and 2011**

**Note 12 Concentrations**

The Company is currently producing revenue primarily from one revenue stream, website developer services, which is a related party. (See Note 8)

One customer accounted for approximately 100% of the revenue for the year ended September 30, 2012, which is a related party. (See Note 8). During 2011, one customer accounted for 43% of revenues while a separate customer accounted for 34%.

As of September 30, 2011, one customer accounted for 100% of accounts receivable.

Since inception, two related party lenders who were officers of the Company have provided 100% debt related funding to the Company.

**Note 13- Subsequent Events**

The Company entered into a non-binding letter of intent to acquire a private company as filed with the Securities and Exchange Commission on November 15, 2012.

On November 14, 2012, the Company effected a 1 for 10 reverse stock split of outstanding common stock of the Company. All share and per share information in the accompanying consolidated financial statements has been retroactively adjusted to give effect to the reverse stock split.

On November 14, 2012, the Company effected a name change of the Company, upon filing the amended Articles of Incorporation with the State of Nevada, whereby the Company's new name is Bright Mountain Holdings, Inc.