

FINDEX COM INC
Form 10-Q
November 23, 2009

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2009

OR

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

For the transition period from _____ to _____.

Commission file number: 0-29963

FINDEX.COM, INC.

(Exact name of registrant as specified in its charter)

Nevada 88-0379462
(State or (I.R.S.
other Employer
jurisdiction of
incorporation Identification
or No.)
organization)

620 North 68154
129th Street,
Omaha,
Nebraska
(Address of (Zip Code)
principal)

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executive
offices)

(402) 333-1900

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

filer <input type="checkbox"/>	Large accelerated filer <input type="checkbox"/>	Accelerated
company <input checked="" type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting

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

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At November 23, 2009, the registrant had outstanding 59,572,725 shares of common stock, of which there is only a single class.

FINDEX.COM, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR FISCAL QUARTER ENDED SEPTEMBER 30, 2009

- INDEX -

	Page
<u>PART I - FINANCIAL INFORMATION:</u>	
<u>Item 1. Financial Statements:</u>	1
<u>Balance Sheets – September 30, 2009 (unaudited) and December 31, 2008</u>	F-1
<u>Statement of Operations (unaudited) for the three and nine months ending September 30, 2009 and for the three and nine months ending September 30, 2008</u>	F-2
<u>Statement of Cash Flows (unaudited) for the nine months ending September 30, 2009 and for the nine months ending September 30, 2008</u>	F-3
<u>Notes to Unaudited Financial Statements</u>	F-4
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	1
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	9
<u>Item 4T. Controls and Procedures</u>	9
<u>PART II - OTHER INFORMATION:</u>	10
<u>Item 1. Legal Proceedings</u>	10
<u>Item 1A. Risk Factors</u>	10
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	10
<u>Item 3. Defaults Upon Senior Securities</u>	10
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	10
<u>Item 5. Other Information</u>	10
<u>Item 6. Exhibits</u>	10
<u>Signatures</u>	13

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 127,341	\$ 423,371
Accounts receivable, trade, net	112,744	148,880
Inventories	55,618	81,545
Other current assets	43,945	58,270
Total current assets	339,648	712,066
Property and equipment, net	17,852	37,347
Intangible assets, net	560,074	710,771
Other assets	116,499	155,532
Total assets	\$ 1,034,073	\$ 1,615,716
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Current portion of debt	\$ 109,589	\$ 112,908
Accounts payable, trade	421,986	496,957
Accounts payable, related party	84,908	97,200
Accrued royalties	787,296	720,305
Accrued payroll	214,609	205,254
Other current liabilities	157,048	182,937
Total current liabilities	1,775,436	1,815,561
Long-term debt, net	---	8,180
Deferred income taxes, net	5,558	7,500
Commitments and contingencies (Note 8)		
Stockholders' equity (deficit):		
Preferred stock, \$.001 par value 5,000,000 shares authorized		
-0- and -0- shares issued and outstanding, respectively	---	---
Common stock, \$.001 par value 120,000,000 shares authorized, 59,572,725 and 54,072,725 shares issued and outstanding, respectively	59,573	54,073
Paid-in capital	7,897,780	7,787,779
Retained (deficit)	(8,704,274)	(8,057,377)
Total stockholders' equity (deficit)	(746,921)	(215,525)
Total liabilities and stockholders' equity (deficit)	\$ 1,034,073	\$ 1,615,716

See accompanying notes.

F-1

Table of Contents

Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Revenues, net of reserves and allowances	\$ 472,596	\$ 425,541	\$ 1,509,163	\$ 1,558,056
Cost of sales	187,695	161,290	544,765	651,505
Gross profit	284,901	264,251	964,398	906,551
Operating expenses:				
Sales and marketing	96,756	125,695	359,779	467,220
General and administrative	253,092	362,250	1,233,586	1,343,824
Total operating expenses	349,848	487,945	1,593,365	1,811,044
Loss from operations	(64,947)	(223,694)	(628,967)	(904,493)
Other income (expenses), net	(5,836)	(3,247)	(17,930)	2,619
Gain on fair value adjustment of derivatives	---	---	---	305,620
Gain on settlement of derivative liabilities	---	---	---	450,654
Loss before income taxes	(70,783)	(226,941)	(646,897)	(145,600)
Income taxes	---	---	---	---
Net loss	\$ (70,783)	\$ (226,941)	\$ (646,897)	\$ (145,600)
Net loss per share - Basic & Diluted:	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00
Weighted average shares used in computing basic and diluted loss per share	59,572,725	54,072,725	58,122,176	53,553,381

See accompanying notes.

Table of Contents

Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended September 30,	2009	2008
Cash flows from operating activities:		
Cash received from customers	\$ 1,507,621	\$ 1,674,610
Cash paid to suppliers and employees	(1,543,286)	(1,832,408)
Other operating activities, net	(11,851)	11,149
Net cash used by operating activities	(47,516)	(146,649)
Cash flows from investing activities:		
Software development costs	(204,317)	(201,073)
FormTool purchase	---	(100,000)
Other investing activities, net	7,624	(77,335)
Net cash used by investing activities	(196,693)	(378,408)
Cash flows from financing activities:		
Payment made for settlement of derivative liabilities	---	(150,000)
Payments made on term debt	(51,821)	(26,722)
Net cash used by financing activities	(51,821)	(176,722)
Net decrease in cash and cash equivalents	(296,030)	(701,779)
Cash and cash equivalents, beginning of year	423,371	1,134,547
Cash and cash equivalents, end of period	\$ 127,341	\$ 432,768
Reconciliation of net loss to cash flows from operating activities:		
Net loss	\$ (646,897)	\$ (145,600)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Software development costs amortized	132,853	192,433
Depreciation & amortization	273,584	343,178
Bad debts provision	7,398	3,212
Noncash operating expenses	70,500	34,521
Gain on fair value adjustment of derivatives	---	(305,620)
Gain on settlement of derivative liabilities	---	(450,654)
Gain on sale of property and equipment	(520)	---
Change in assets and liabilities:		
Decrease in accounts receivable	28,738	152,741
Decrease in inventories	25,927	21,786
Decrease in other current assets	28,596	62,509
Increase in accrued royalties	66,991	74,445
(Decrease) increase in accounts payable	(63,151)	127
Increase (decrease) in other liabilities	28,465	(129,727)
Net cash used by operating activities	\$ (47,516)	\$ (146,649)
Schedule of Noncash Investing and Financing Activities:		
Long-term note payable issued for FormTool purchase	\$ ---	\$ 85,934
Equity issued for FormTool purchase	\$ ---	\$ 40,000

See accompanying notes.

F-3

Table of Contents

Findex.com, Inc.
Notes to Condensed Consolidated Financial Statements
September 30, 2009
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for the full year or for any future period. The December 31, 2008 condensed consolidated balance sheet was derived from our audited financial statements at that date. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-K for the year ended December 31, 2008.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Significant estimates used in the consolidated financial statements include the estimates of (i) doubtful accounts, obsolete inventory, sales returns, price protection and rebates, (ii) provision for income taxes and realizability of the deferred tax assets, and (iii) the life and realization of identifiable intangible assets. The amounts we will ultimately incur or recover could differ materially from current estimates.

INVENTORY

Inventory, including out on consignment, consists primarily of software media, manuals and related packaging materials and is recorded at the lower of cost or market value, determined on a first-in, first-out, and adjusted on a per-item, basis.

ACCOUNTING FOR LONG-LIVED ASSETS

We review property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of our carrying amount to future net cash flows the assets are expected to generate. 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 asset exceeds its fair market value. Property and equipment to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

INTANGIBLE ASSETS

In accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 350-30, General Intangibles Other Than Goodwill, intangible assets with an indefinite useful life are not amortized. Intangible assets

with a finite useful life are amortized on the straight-line method over the estimated useful lives, generally three to ten years.

F-4

Table of Contents

SOFTWARE DEVELOPMENT COSTS

In accordance with ASC 985-20-25, Costs of Software to Be Sold, Leased, or Marketed, software development costs are expensed as incurred until technological feasibility and marketability has been established, generally with release of a beta version for customer testing. Once the point of technological feasibility and marketability is reached, direct production costs (including labor directly associated with the development projects), indirect costs (including allocated fringe benefits, payroll taxes, facilities costs, and management supervision), and other direct costs (including costs of outside consultants, purchased software to be included in the software product being developed, travel expenses, material and supplies, and other direct costs) are capitalized until the product is available for general release to customers. We amortize capitalized costs on a product-by-product basis. Amortization for each period is the greater of the amount computed using (i) the straight-line basis over the estimated product life (generally from 12 to 18 months, but up to 60 months), or (ii) the ratio of current revenues to total projected product revenues. Total cumulative capitalized software development costs were \$1,042,928, less accumulated amortization of \$641,446 at September 30, 2009.

Capitalized software development costs are stated at the lower of amortized costs or net realizable value. Recoverability of these capitalized costs is determined at each balance sheet date by comparing the forecasted future revenues from the related products, based on management's best estimates using appropriate assumptions and projections at the time, to the carrying amount of the capitalized software development costs. If the carrying value is determined not to be recoverable from future revenues, an impairment loss is recognized equal to the amount by which the carrying amount exceeds the future revenues. To date, no capitalized costs have been written down to net realizable value.

ASC 730, Research and Development, established accounting and reporting standards for research and development. In accordance with ASC 730-10, costs we incur to enhance our existing products after general release to the public (bug fixes) are expensed in the period they are incurred and included in research and development costs. Research and development costs incurred prior to determination of technological feasibility and marketability and after general release to the public and charged to expense were \$125,234 and \$143,147 for the nine months ended September 30, 2009 and 2008, respectively, included in general and administrative expenses.

We capitalize costs related to the development of computer software developed or obtained for internal use in accordance with the ASC 350-40, Internal-Use Software. Software obtained for internal use has generally been enterprise level business and finance software that we customize to meet our specific operational needs. We have not sold, leased, or licensed software developed for internal use to our customers and have no intention of doing so in the future.

We capitalize costs related to the development and maintenance of our website in accordance with ASC 350-50, Website Development Costs. Accordingly, costs expensed as incurred are as follows:

- planning the website,
- developing the applications and infrastructure until technological feasibility is established,
- developing graphics such as borders, background and text colors, fonts, frames, and buttons, and
- operating the site such as training, administration and maintenance.

Capitalized costs include those incurred to:

- obtain and register an Internet domain name,
- develop or acquire software tools necessary for the development work,
- develop or acquire software necessary for general website operations,

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develop or acquire code for web applications,
develop or acquire (and customize) database software and software to integrate applications such as corporate databases and accounting systems into web applications,
develop HTML web pages or templates,
install developed applications on the web server,
create initial hypertext links to other websites or other locations within the website, and
test the website applications.

F-5

Table of Contents

We amortize website development costs on a straight-line basis over the estimated life of the site, generally 36 months. Total cumulative website development costs, included in “Other assets” on our condensed consolidated balance sheets, were \$144,109, less accumulated amortization of \$46,769 at September 30, 2009.

RESTRICTED CASH

Restricted cash represents cash held in reserve by our merchant banker to allow for a potential increase in credit card charge backs from increased consumer purchases. Total restricted cash at September 30, 2009 included in “Other assets” on the condensed consolidated balance sheets was \$8,000.

REVENUE RECOGNITION

We derive revenues from the sale of packaged software products, product support and multiple element arrangements that may include any combination of these items. We recognize software revenue for software products and related services in accordance with ASC 985-605, Software Revenue Recognition. We recognize revenue when persuasive evidence of an arrangement exists (generally a purchase order), we have delivered the product, the fee is fixed or determinable and collectibility is probable.

In some situations, we receive advance payments from our customers. We defer revenue associated with these advance payments until we ship the products or offer the support.

In accordance with ASC 605-50, Customer Payments and Incentives, we account for cash considerations (such as sales incentives – rebates and coupons) that we give to our customers as a reduction of revenue rather than as an operating expense.

Product Revenue

We typically recognize revenue from the sale of our packaged software products when we ship the product. We sell some of our products on consignment to a limited number of resellers. We recognize revenue for these consignment transactions only when the end-user sale has occurred. Revenue for software distributed electronically via the Internet is recognized when the customer has been provided with the access codes that allow the customer to take immediate possession of the software on its hardware and evidence of the arrangement exists (web order).

Some of our software arrangements involve multiple copies or licenses of the same program. These arrangements generally specify the number of simultaneous users the customer may have (multi-user license), or may allow the customer to use as many copies on as many computers as it chooses (a site license). Multi-user arrangements, generally sold in networked environments, contain fees that vary based on the number of users that may utilize the software simultaneously. We recognize revenue when evidence of an order exists and upon delivery of the authorization code to the consumer that will allow them the limited simultaneous access. Site licenses, generally sold in non-networked environments, contain a fixed fee that is not dependent on the number of simultaneous users. Revenue is recognized when evidence of an order exists and the first copy is delivered to the consumer.

Many of our software products contain additional content that is “locked” to prevent access until a permanent access code, or “key,” is purchased. We recognize revenue when evidence of an order exists and the customer has been provided with the access code that allows the customer immediate access to the additional content. All of the programs containing additional locked content are fully functional and the keys are necessary only to access the additional content. The customer’s obligation to pay for the software is not contingent on delivery of the “key” to access the additional content.

We reduce product revenue for estimated returns and price protections that are based on historical experience and other factors such as the volume and price mix of products in the retail channel, trends in retailer inventory and economic trends that might impact customer demand for our products. We also reduce product revenue for the estimated redemption of end-user rebates on certain current product sales. Our rebate reserves are estimated based on the terms and conditions of the specific promotional rebate program, actual sales during the promotion, the amount of redemptions received and historical redemption trends by product and by type of promotional program. We did not offer any rebate programs to our customers during the three and nine months ended September 30, 2009 and 2008.

F-6

Table of Contents

Multiple Element Arrangements

We also enter into certain revenue arrangements for which we are obligated to deliver multiple products or products and services (multiple elements). For these arrangements, which include software products, we allocate and defer revenue for the undelivered elements based on their vendor-specific objective evidence (“VSOE”) of fair value. VSOE is generally the price charged when that element is sold separately.

In situations where VSOE exists for all elements (delivered and undelivered), we allocate the total revenue to be earned under the arrangement among the various elements, based on their relative fair value. For transactions where VSOE exists only for the undelivered elements, we defer the full fair value of the undelivered elements and recognize the difference between the total arrangement fee and the amount deferred for the undelivered items as revenue (residual method). If VSOE does not exist for undelivered items that are services, we recognize the entire arrangement fee ratably over the remaining service period. If VSOE does not exist for undelivered elements that are specified products, we defer revenue until the earlier of the delivery of all elements or the point at which we determine VSOE for these undelivered elements.

We recognize revenue related to the delivered products or services only if (i) the above revenue recognition criteria are met, (ii) any undelivered products or services are not essential to the functionality of the delivered products and services, (iii) payment for the delivered products or services is not contingent upon delivery of the remaining products or services, and (iv) we have an enforceable claim to receive the amount due in the event that we do not deliver the undelivered products or services.

Discounts on Future Purchases

In connection with the licensing of an existing product, we sometimes offer a discount on additional licenses of the same product or on other products. We apply a proportionate amount of the discount to each element covered by the arrangement based on each element’s fair value. If the future elements are unknown at the time of the original sale, we apply the discount to the current product(s) purchased, defer the discount amount to be recognized pro rata over the estimated period during which additional purchases will be made (typically one year), and recognize current revenue on the remainder.

Shipping and Handling Costs

We record the amounts we charge our customers for the shipping and handling of our software products as product revenue and we record the related costs as cost of sales on our condensed consolidated statements of operations.

Sales Taxes

We record the amounts we charge our customers for sales taxes assessed by state and local governments on the sale of our software products and related shipping charges, as appropriate, on the net basis. As such, we report the taxes collected as a liability on our balance sheet and do not include them in product revenue in our consolidated statements of operations.

Customer Service and Technical Support

Customer service and technical support costs include the costs associated with performing order processing, answering customer inquiries by telephone and through websites, email and other electronic means, and providing technical support assistance to our customers. In connection with the sale of certain products, we provide a limited amount of free technical support assistance to customers. We do not defer the recognition of any revenue associated

with sales of these products, since the cost of providing this free technical support is insignificant. The technical support is provided within one year after the associated revenue is recognized and free product enhancements (bug fixes) are minimal and infrequent. We accrue the estimated cost of providing this free support upon product shipment and include it in cost of sales.

F-7

Table of Contents

INCOME TAXES

We follow the guidance of ASC 740, Income Taxes. Accordingly we use the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

EARNINGS PER SHARE

We follow the guidance of ASC 260, Earnings Per Share, to calculate and report basic and diluted earnings per share (“EPS”). Basic EPS is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted EPS is computed by giving effect to all dilutive potential shares of common stock that were outstanding during the period. For us, dilutive potential shares of common stock consist of the incremental shares of common stock issuable upon the exercise of stock options and warrants for all periods, convertible notes payable and the incremental shares of common stock issuable upon the conversion of convertible preferred stock.

When discontinued operations, extraordinary items, and/or the cumulative effect of an accounting change are present, income before any of such items on a per share basis represents the “control number” in determining whether potential shares of common stock are dilutive or anti-dilutive. Thus, the same number of potential shares of common stock used in computing diluted EPS for income from continuing operations is used in calculating all other reported diluted EPS amounts. In the case of a net loss, it is assumed that no incremental shares would be issued because they would be anti-dilutive. In addition, certain options and warrants are considered anti-dilutive because the exercise prices were above the average market price during the period. Anti-dilutive shares are not included in the computation of diluted EPS, in accordance with ASC 260-10-45-17.

The following table shows the amounts used in computing earnings per common share and the average number of shares of dilutive potential common stock:

For the Three Months Ended September 30,	2009	2008
Net loss	\$ (70,783)	\$ (226,941)
Preferred stock dividends	---	---
Net loss available to common shareholders	\$ (70,783)	\$ (226,941)
Basic weighted average shares outstanding	59,572,725	54,072,725
Dilutive effect of:		
Stock options	---	---
Warrants	---	---
Diluted weighted average shares outstanding	59,572,725	54,072,725
	2009	2008

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For the Nine Months
Ended September 30,

Net loss	\$ (646,897)	\$ (145,600)
Preferred stock dividends	---	---
Net loss available to common shareholders	\$ (646,897)	\$ (145,600)
Basic weighted average shares outstanding	58,122,176	53,553,381
Dilutive effect of:		
Stock options	---	---
Warrants	---	---
Diluted weighted average shares outstanding	58,122,176	53,553,381

F-8

Table of Contents

RECENT ACCOUNTING PRONOUNCEMENTS

Certain Arrangements That Contain Software Elements

In September 2009, the EITF reached final consensus on a new revenue recognition standard, Issue No. 09-3, Applicability of AICPA Statement of Position 97-2 to Certain Arrangements That Contain Software Elements. EITF 09-3 amends the scope of AICPA Statement of Position 97-2, Software Revenue Recognition (now codified as ASC 985, Revenue Recognition) to exclude tangible products that include software and non-software components that function together to deliver the product's essential functionality. This issue shall be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Earlier application is permitted as of the beginning of a company's fiscal year provided the company has not previously issued financial statements for any period within that year. Early application is not permitted unless early application of EITF 08-1 is also adopted. We are currently evaluating the potential impact of EITF 09-3 on our condensed consolidated financial statements.

Revenue Arrangements with Multiple Deliverables

In September 2009, the EITF reached final consensus on a new revenue recognition standard, Issue No. 08-1, Revenue Arrangements with Multiple Deliverables. EITF 08-1 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting, and how the arrangement consideration should be allocated among the separate units of accounting. EITF 08-1 is effective for fiscal years beginning after June 15, 2010 and may be applied retrospectively or prospectively for new or materially modified arrangements. In addition, early adoption is permitted. We are currently evaluating the potential impact of EITF 08-1 on our condensed consolidated financial statements.

Accounting Standards Codification and GAAP Hierarchy

In June 2009, the FASB issued Update No. 2009-01, which established the FASB Accounting Standards Codification™ ("the Codification") as the source of authoritative U.S. Generally Accepted Accounting Principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the Codification did not have a material impact on our condensed consolidated financial statements.

Amendment to FASB Interpretation No. 46(R)

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R), to clarify and improve financial reporting by entities involved with variable interest entities. SFAS No. 167 is effective as of the beginning of the annual period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. We do not expect SFAS No. 167 to have a material impact on our condensed consolidated financial statements.

Transfers of Financial Assets

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140, to clarify information that an entity must provide in its financial statements surrounding a transfer of financial assets and the effect of the transfer on its financial position, financial performance, and cash flows. SFAS No. 166 is effective as of the beginning of the annual period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. We do not expect SFAS No. 166 to have a material impact on our condensed consolidated financial statements.

Subsequent Events

In May 2009, the FASB issued SFAS No. 165, Subsequent Events, (now codified as ASC 855, Subsequent Events) to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The guidance is effective for interim or annual financial periods ending after June 15, 2009. Adoption of this authoritative guidance did not have a material impact on our condensed consolidated financial statements.

F-9

Table of Contents

RECLASSIFICATIONS

Certain accounts in our 2008 financial statements have been reclassified for comparative purposes to conform with the presentation in our 2009 financial statements.

NOTE 2 – GOING CONCERN

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States applicable to a going concern. As of September 30, 2009, we had a year-to-date net loss of \$646,897, and negative working capital of \$1,435,788, and an accumulated deficit of \$8,704,274 and \$8,057,377 as of September 30, 2009 and December 31, 2008, respectively. Although these factors raise substantial doubt as to our ability to continue as a going concern through December 31, 2009, we have taken several actions intended to mitigate against this risk. These actions include relying on the approximately \$127,000 cash reserve from the 2007 sale of our Membership Plus product line and pursuing mergers and acquisitions that will provide profitable operations and positive operating cash flow.

NOTE 3 – INVENTORIES

At September 30, 2009, inventories consisted of the following:

Raw materials	\$54,889
Finished goods	16,763
Less reserve for obsolete inventory	(16,034)
Inventories	\$55,618

NOTE 4 – PRODUCT LINE ACQUISITION

On February 25, 2008, we acquired the FormTool software product line from ORG Professional, LLC. The purchase price of approximately \$226,000 was comprised as follows:

Description	Amount
Fair value of common stock	\$ 40,000
Cash	100,000
Promissory note	85,934
Total	\$ 225,934

The fair value of our common stock was determined based on 1,000,000 restricted shares of our common stock issued and priced at the closing price as of February 22, 2008 (\$0.04).

The allocation of the purchase price to the assets acquired based on their estimated fair values was as follows:

Description	Amount
Trademark/Trade name	\$ 67,780
Internet domain names	33,890
Customer list	22,594
Copyrights	67,780
Computer software code	22,594
Distribution agreements	11,296
Total	\$ 225,934

F-10

Table of Contents

The assets will be amortized over a period of years as follows:

Description	Estimated Remaining Life (years)
Trademark/Trade name/Copyrights	10
Internet domain names	5
Customer list/Computer software code	3
Distribution agreements (remaining contract term)	.33

One of our outside directors currently owns a 5% equity interest in ORG Professional, LLC, and agreed to forego any direct personal economic benefit to which he would otherwise be entitled, including the restricted shares of our common stock issuable as part of the consideration.

During the three months ended September 30, 2009 and 2008, sales from the FormTool software product line were approximately 3% and 5%, respectively, of our gross sales and approximately 4% and 2%, respectively, for the nine months then ended.

NOTE 5 – RESERVES AND ALLOWANCES

At September 30, 2009, the allowance for doubtful accounts included in Accounts receivable, trade, net, consisted of the following:

Balance December 31, 2008	\$ 16,300
Bad debts provision (included in Other operating expenses)	7,398
Accounts written off	(9,061)
Collection of accounts previously written off	1,233
Balance September 30, 2009	\$ 15,870

At September 30, 2009, the reserve for obsolete inventory included in Inventories consisted of the following:

Balance December 31, 2008	\$ 15,500
Provision for obsolete inventory	7,096
Obsolete inventory written off	(6,562)
Balance September 30, 2009	\$ 16,034

At September 30, 2009, the reserve for sales returns included in Other current liabilities consisted of the following:

Balance December 31, 2008	\$ 119,821
Return provision – sales	168,300
Return provision – cost of sales	(25,245)
Returns processed	(175,334)
Balance September 30, 2009	\$ 87,542

NOTE 6 – DEBT

At September 30, 2009, the current portion of debt consisted of the following:

Unsecured term note payable to a premium finance company due April 2010 in monthly installments of \$1,664, including interest at 5.73%.	\$	11,428
Unsecured term note payable to a vendor for advertising due July 2010 in monthly installments of \$2,000, including interest at 10%.		18,721
Total short-term notes payable		30,149
Add: Current maturities of long-term debt		79,440
Current portion of debt	\$	109,589

F-11

Table of Contents

At September 30, 2009, long-term debt consisted of the following:

Capital lease obligation payable to a corporation due November 2009 in monthly installments of \$1,144, including interest at 11.7%. Secured by telephone equipment.	\$ 3,366
Unsecured term note payable to a shareholder due March 2008 in monthly installments of \$10,000, plus interest at 8%, through April 2007, and monthly installments of \$20,000, plus interest at 8%, beginning May 2007. Interest on overdue principal accrues at 15%.	56,000
Unsecured term note payable to a limited liability company due February 2010 in monthly installments of \$4,167, including simple interest at 15%. See Note 4.	20,074
Total Long-term debt	79,440
Less: Current maturities	(79,440)
Long-term debt, net	\$ ---

At September 30, 2009, we were current on the unsecured term notes payable to the premium finance company, the advertising vendor, and the limited liability company. We were in arrears for the final three payments of the unsecured term note payable to a shareholder and the September 2009 installment of the capital lease obligation.

NOTE 7 – STOCKHOLDERS' EQUITY

COMMON STOCK

In March 2009, we committed to issue a total of 3,357,143 restricted shares of common stock consisting of 1,907,143 shares to our executive officers and 1,450,000 shares to our non-executive employees, at the closing price as of March 12, 2009 (\$0.021), in lieu of cash for services rendered from January 1, 2004 through December 31, 2008. This issuance was valued at \$70,500.

In March 2009, we committed to issue a total of 2,142,857 restricted shares of common stock to our outside directors, at the closing price as of March 12, 2009 (\$0.021) in lieu of cash payments of amounts accrued for service as members of our board from the period of April 1, 2008 through December 31, 2008. This issuance was valued at \$45,000.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

We are subject to legal proceedings and claims that may arise in the ordinary course of our business. In the opinion of management, the amount of ultimate liability with respect to these potential actions will not materially affect our financial statements taken as a whole.

Our employment agreements with our management team each contain a provision for an annual bonus equal to 1% of our income from operations adjusted for other income and interest expense (3% total). We accrue this bonus on a quarterly basis (\$-0- at September 30, 2009). Our management team consists of the following:

	Chief Executive Officer	Chief Technology Officer	Chief Financial Officer
Base Annual Salary	\$ 150,000	\$ 150,000	\$ 110,000

F-12

Table of Contents

In addition to the bonus provisions and annual base salary, each employment agreement provides for payment of the following for termination by reason of disability.

	Accrued Base Salary	Accrued Retention Bonus	Vested Deferred Vacation Compensation
Included in Other current liabilities at September 30, 2009	\$ 13,796	\$ 30,056	\$ 23,838

The agreements also provide for severance compensation equal to the then base salary until the later of (i) the expiration of the term of the agreement as set forth therein or (ii) one year, when the termination is other than for cause (including termination by reason of disability). There is no severance compensation in the event of voluntary termination or termination for cause.

We have included content in QuickVerse, our flagship software product, under contracts with publisher providers that have expired. We are currently pursuing resolution, however, there is no guarantee that we will be able to secure a new agreement, or an extension, and should any of the publishers demand we cease and desist including their content, the unknown potential negative impact could be material.

Our royalty agreements for new content generally provide for advance payments to be made upon contract signing. In addition, several new agreements provide for additional advance payments to be made upon delivery of usable content and publication. We accrue and pay these advances when the respective milestone is met.

We do not collect sales taxes or other taxes with respect to shipments of most of our goods into most states in the U.S. Our fulfillment center and customer service center networks, and any future expansion of those networks, along with other aspects of our evolving business, may result in additional sales and other tax obligations. One or more states may seek to impose sales or other tax collection obligations on out-of-jurisdiction companies that engage in e-commerce. A successful assertion by one or more states that we should collect sales or other taxes on the sale of merchandise or services could result in substantial tax liabilities for past sales, decrease our ability to compete with traditional retailers, and otherwise harm our business.

Currently, decisions of the U.S. Supreme Court restrict the imposition of obligations to collect state and local taxes and use taxes with respect to sales made over the Internet. However, a number of states, as well as the U.S. Congress, have been considering various initiatives that could limit or supersede the Supreme Court's constitutional concerns and result in a reversal of its current position. As a result, we could be required to collect sales and use taxes in additional states. The imposition by state and local governments of various taxes upon Internet commerce could create administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on all of our online competitors and decrease our future sales.

NOTE 9 – RISKS AND UNCERTAINTIES

Our future operating results may be affected by a number of factors. We depend upon a number of major inventory and intellectual property suppliers. If a critical supplier had operational problems or ceased making materials available to us, operations could be adversely affected.

F-13

Table of Contents

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

Cautionary Statement Regarding Forward-Looking Statements

Certain statements made in this Quarterly Report on Form 10-Q are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Findex.com, Inc. ("we", "us", "our" or the "Company") to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the continued expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance the forward-looking statements included in this Quarterly Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

This information should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included in Item 1 of Part I of this quarterly report, and our audited financial statements and the notes thereto and our Management's Discussion and Analysis of Financial Condition and Results of Operation contained in our annual report on Form 10-K for the fiscal year ended December 31, 2008.

Description of Business

We develop, publish, market, and distribute and directly sell off-the-shelf consumer and organizational software products for PC, Macintosh® and PDA platforms. We develop our software products through in-house initiatives supplemented by outside developers. We market and distribute our software products principally through direct marketing and Internet sales programs, but also through secular and non-secular wholesale retailers.

We are currently in the early stages of a defining transformative period in our development. In recent years, we have come to be recognized as a consumer desktop software company that serves a demographic defined largely by an interest in Christianity and faith-based "inspirational" values. The nature of our products historically, and the fact that our product lines have not extended materially beyond the boundaries of this affinity group, have fostered this perception. Indeed, as the publisher of one of the industry-leading Bible study desktop software products, QuickVerse®, we are known to many users of that product only as "QuickVerse", not Findex. While we believe that the QuickVerse® brand is among our most valuable assets, and we greatly value the goodwill that our reputation in this regard has engendered, we also believe that working to expand that reputation into one which is more closely associated with providing high quality branded software and content products generally – and ones that extend across both consumer and business segments – will afford us significantly greater opportunities in both the near and long term to steadily increase revenues and earnings, and, ultimately, to enhance shareholder value. We believe, moreover, that coupling this strategic diversification with a commitment to an increasing reliance on a sales and distribution model through which our products are sold on a subscription basis and can be purchased and downloaded directly from us online will be instrumental in furthering these financial objectives. Consequently, while we expect to continue for the indefinite future to invest substantially in the growth and development of our existing primary software titles and content, we also expect as we go forward to invest substantially in not only building a significantly more diverse line

of product titles, but also in building our technology platform and infrastructure so as to enable our evolution over time into a principally Webcentric provider of software solutions, content, and online products.

As part of that objective, we acquired FormTool.com and the FormTool® line of products in February 2008. In September 2008, we re-launched the FormTool.com website as an online marketplace for purchasing the FormTool® line of form creation and form filler products, and also a one-stop shop for finding, purchasing and downloading customizable forms for a wide range of business and consumer needs. Our model includes the ability to purchase forms on an individual basis, in bulk packs, or on a subscription basis.

-1-

Table of Contents

Management Overview

During the nine months ended September 30, 2009, we focused on our two product lines, QuickVerse® and FormTool®, and their individual technological features. We also continued to concentrate on building our technology platform and infrastructure in order to become a more Webcentric provider of online products.

QuickVerse®

Our development team worked on several projects during the nine months ended September 30, 2009, which resulted in the release of two upgraded software programs as well as two new content collections for our QuickVerse® product line. These titles include:

QuickVerse® Macintosh 3.0 with retail prices ranging from \$59.95 to \$349.95;
 Early Church Fathers Collection with a retail price of \$149.95;
 Sermon Builder 5.0 with a retail price of \$69.95; and
 Charles H. Spurgeon Collection with a retail price of \$69.95.

Furthermore, our development team finalized a new edition to our quickverse.com website, referred to as our QuickVerse® Knowledgebase. The QuickVerse® Knowledgebase enables users to quickly find and navigate through multiple troubleshooting scenarios online rather than having to call or email our technical support department. Finally, our development team focused on our upcoming annual release of QuickVerse® for Windows, which was released in October 2009.

FormTool®

During the nine months ended September 30, 2009, we began revamping our website for our FormTool® product line in order to add greater functionality to the website. Although there can be no assurance, this revamped website is scheduled to be launched in the fourth quarter of 2009.

Results of Operations for Nine Months Ending September 30, 2009 and September 30, 2008

Statements of Operations for Nine Months Ending September 30	2009	2008	Change
Net revenues	\$ 1,509,163	\$ 1,558,056	\$ (48,893)
Cost of sales	(544,765)	(651,505)	106,740
Gross profit	\$ 964,398	\$ 906,551	\$ 57,847
Sales, marketing and general and administrative expenses	(1,593,365)	(1,811,044)	217,679
Loss from operations	\$ (628,967)	\$ (904,493)	\$ 275,526
Other income (expenses), net	(17,930)	2,619	(20,549)
Gain on fair value adjustment of derivatives	---	305,620	(305,620)
Gain on settlement of derivative liabilities	---	450,654	(450,654)
Loss before income taxes	\$ (646,897)	\$ (145,600)	\$ (501,297)
Income taxes	---	---	---

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Net loss \$ (646,897) \$ (145,600) \$ (501,297)

-2-

Table of Contents

The differing results of operations are primarily attributable to the following:

a decrease in net revenues for the nine months ended September 30, 2009 partly attributable to the following:

the decreased number of upgrade sales;
the decreased number of product releases; and
the current economic downturn.

a decrease in cost of sales for the nine months ended September 30, 2009 due primarily to decreased direct costs and amortization of software development costs;

a decrease in sales, marketing and general and administrative expenses for the nine months ended September 30, 2009; and

most notably for the nine months ended September 30, 2008:

the recognition of a gain related to the fair value adjustment of derivatives up to the settlement date of March 6, 2008 due to the fluctuation of our stock price; and

the recognition of a gain on settlement of derivative liabilities in relation to warrants issued in November 2004 and which were canceled on March 6, 2008 in exchange for a single cash payment (\$150,000) that was less than the calculated fair value of the derivatives on such date.

Our software products are highly seasonal. More than 50% of our annual sales are expected to occur in the five months of September through January; the five months of April through August are generally our weakest, generating less than 30% of our annual sales.

Revenues

The following table presents our revenues for the nine months ended September 30, 2009 and September 30, 2008 and dollar and percentage changes from the prior year.

	Change					
					\$	%
Revenues for Nine Months Ending September 30	2009	% to Sales	2008	% to Sales		
Gross revenues	\$1,678,364	100%	\$1,716,965	100%	\$(38,601)	2%
Less estimated sales returns and allowances	(169,201)	10%	(158,909)	9%	(10,292)	6%
Net revenues	\$1,509,163	90%	\$1,558,056	91%	\$(48,893)	3%

During each of the nine months ended September 30, 2009 and 2008, our sales efforts were focused on directly targeting end-users through telemarketing and Internet sales. Due to our increased product stability and the consistency in our development schedule in regards to the annual releases of our flagship product, QuickVerse®, upgrade sales have not been increasing at as rapid a rate as they have in previous years; and therefore, we experienced

a decrease in gross revenues for the nine months ended September 30, 2009. Furthermore, we experienced a decrease in our gross revenues due to the decreased number of product releases during the nine months ended September 30, 2009. Although there can be no assurance, we anticipate that our revenues in the future related to the QuickVerse® product line will remain consistent with our 2008 quarterly and annual figures as we continue to expand the content made available for our QuickVerse® products, develop new products for multiple platforms, offer our products at a range of price points intended to appeal to various market sub-segments and offer new venues to gain access to the expanded content available for our QuickVerse® customers.

During the nine months ended September 30, 2009, we did recognize approximately \$71,000 in revenue from the FormTool® product line, which we acquired in February 2008. We do anticipate our revenues in relation to the FormTool® product line to increase in the near-term based on our anticipated enhancements to the FormTool.com website.

As a percentage of gross revenues, our sales returns and allowances increased for the nine months ended September 30, 2009 compared to September 30, 2008. Typically, product returns trend upward after a new version is released as distributors and retail stores return old product in exchange for the new version release. As anticipated for the first three months ended September 30, 2009, distributors and retail stores finalized their old product exchange of QuickVerse® 2008 for the new version release QuickVerse® 2009. This is also true for the last three months ended September 30, 2009, in relation to the new version release of QuickVerse® Macintosh 3.0. Furthermore, for the nine months ended September 30, 2009 we increased our reserve of sales returns due to the current economic environment. Generally going forward, it is our objective to release enhanced versions of our biggest-selling products on an annual basis, and as a percentage of gross revenues we anticipate sales returns and allowances to decrease over time as a result of increased stability in the functionality of our products, decreasing reliance on retail sales and increasing reliance on direct sales, which have historically resulted in fewer returns, and improved planning in the timing of new product version releases.

Table of Contents

Cost of Sales

The following table presents our cost of sales for the nine months ended September 30, 2009 and September 30, 2008 and dollar and percentage changes from the prior year.

				Change		
Cost of Sales for Nine Months Ending September 30		%	%			
2009	Sales	to	2008	Sales	\$	
					%	
Direct costs	\$ 148,426	9 %	\$ 220,125	13 %	\$(71,699)	33 %
Less estimated cost of sales returns and allowances	(25,245)	2 %	(24,060)	1 %	(1,185)	5 %
Amortization of software development costs	132,853	8 %	192,433	11 %	(59,580)	31 %
Royalties	166,489	10 %	142,522	8 %	23,967	17 %
Freight-out	74,344	4 %	72,001	4 %	2,343	3 %
Fulfillment	47,897	3 %	48,485	3 %	(588)	1 %
Cost of sales	\$ 544,764	32 %	\$ 651,506	38 %	\$(106,742)	16 %

Cost of sales consists primarily of direct costs, amortization of capitalized software development costs, non-capitalized technical support wages, royalties accrued to third party providers of intellectual property and the costs associated with reproducing, packaging, fulfilling and shipping our products.

The decrease in cost of sales between the nine months ended September 30, 2009 and the corresponding period during 2008 is predominately attributable to decreased direct costs and amortization of software development costs. The decrease in direct costs is a result of scaling down our technical support department as our products continue to become more functionally stable. The launch of the QuickVerse® Knowledgebase on our website has also helped us reduce our costs associated with the technical support department. Furthermore, the decreased amount of new and/or enhanced product releases during the fiscal years 2008 and 2009 led to the decreased amount of amortization for the nine months ended September 30, 2009.

Royalties increased in real terms and as a percentage of gross revenues for the nine months ended September 30, 2009 due to an increase the sales of the QuickVerse® Platinum editions as well as an increase in QuickVerse® Macintosh 3.0 and Sermon Builder 5.0. Our royalty accruals are expected to increase in the future in real terms as sales to new customers increase, more development projects are implemented for new and/or enhanced products, and as we continue to expand the content available for our QuickVerse® line of products. Upgrade sales will remain only subject to royalties on their content additions.

Freight costs and fulfillment costs remained stable as a percentage of gross revenues for the nine months ended September 30, 2009. The increase in freight costs in real terms is a result of the QuickVerse® Macintosh 3.0 release. We do anticipate freight cost to increase throughout the remainder of the year as retail sales tend to increase in the fourth quarter, which carry higher shipping costs for us than direct and/or upgrade sales. Although there can be

no assurance, we anticipate freight costs related to direct and/or upgrade sales to decrease in the future as we have continue to advertise and enhance the ability to offer our software products as downloads from our website. Furthermore, due in large part to the establishment of our own fulfillment center in June 2007, fulfillment costs should remain relatively stable in the future as a percentage of gross revenues.

-4-

Table of Contents

The amortization recognized during the nine months ended September 30, 2009 resulted mainly from the following software releases:

FormTool® 7.0 (released September 2008),
 QuickVerse® 2009 (released October 2008),
 Charles H. Spurgeon Collection (released February 2009),
 Sermon Builder 5.0 (released March 2009),
 QuickVerse® Macintosh 3.0 (released August 2009),
 Early Church Fathers Collection (released August 2009) and
 Multiple new content additions for QuickVerse® products (released April 2007 through November 2008).

Comparatively, during the nine months ended September 30, 2008, the amortization recognized resulted mainly from the following software releases:

QuickVerse® 2007 Mobile (released December 2006),
 QuickVerse® 2007 Macintosh (released March 2007),
 QuickVerse® 2008 (released November 2007),
 Multiple new content additions for QuickVerse® products (released April 2007 through September 2008) and
 FormTool® 7.0 (released September 2008).

As stated above, the decrease in amortization for the nine months ended September 30, 2009 is the result of fewer development projects that were released during the fiscal year 2008 and 2009. In the future, our objective is to realize overall increases in revenues due to aggressive product development and release schedules as well as the acquisitions of new product lines.

In the future, as we continue to implement our strategy to become a principally Webcentric provider of online products, we anticipate experiencing a decrease in cost of sales, specifically direct costs, freight and fulfillment, as more of our products will become available for download.

Software Development Costs For	Three Months Ending September 30,		Nine Months Ending September 30,	
	2009	2008	2009	2008
Beginning balance	\$ 340,605	\$ 402,332	\$ 330,018	\$ 392,173
Capitalized	105,419	75,983	204,317	243,270
Amortized (Cost of sales)	(44,542)	(35,305)	(132,853)	(192,433)
Ending Balance	\$ 401,482	\$ 443,010	\$ 401,482	\$ 443,010
Research and development expense (General and administrative)	\$ 11,175	\$ 39,192	\$ 125,234	\$ 143,147

For the three months ended September 30, 2009, the increase in capitalized costs as well as the decrease in research and development expense is the result of our development team focusing their efforts on the annual upgrade releases of QuickVerse® for both Macintosh and Windows. The overall decrease of capitalized costs and research and development expense for the nine months ended September 30, 2009 is attributed to the following:

our internal development team assisting our external software developers in training sessions for their new employees,
an overall decrease in the number of development projects and
an overall decrease in the number of third party man hours utilized towards development due to the decrease in the number of development projects.

-5-

Table of Contents

Sales, General and Administrative

	Change					
Sales, General and Administrative Costs for Nine Months Ending September 30	2009	% to Sales	2008	% to Sales	\$	%
Selected expenses:						
Commissions	\$3,000	0 %	\$66,959	4 %	\$(63,959)	96 %
Advertising and direct marketing	105,904	6 %	131,638	8 %	(25,734)	20 %
Sales and marketing wages	243,477	15 %	265,411	15 %	(21,934)	8 %
Other sales and marketing costs	7,398	0 %	3,212	0 %	4,186	130 %
Total sales and marketing	\$359,779	21 %	\$467,220	27 %	\$(107,441)	23 %
Personnel costs	\$407,119	24 %	\$370,268	22 %	\$36,851	10 %
Amortization and depreciation	273,583	16 %	343,178	20 %	(69,595)	20 %
Research and development	125,234	7 %	143,147	8 %	(17,913)	13 %
Corporate services	25,338	2 %	74,280	4 %	(48,942)	66 %
Other general and administrative costs	402,312	24 %	412,951	24 %	(10,639)	3 %
Total general and administrative	\$1,233,586	73 %	\$1,343,824	78 %	\$(110,238)	8 %
Total sales, marketing, general and administrative	\$1,593,365	95 %	\$1,811,044	105 %	\$(217,679)	12 %

For the nine months ended September 30, 2009, total sales and marketing costs decreased significantly in real terms as well as a percentage of gross revenues. Commissions decreased considerably as we have discontinued our contract with a third party for telemarketing services. Although there can be no assurance, we do not anticipate relying on a third party for telemarketing services in the future, and therefore, we anticipate third party commissions to be a minimal expense in the future. Advertising and direct marketing costs also decreased as we managed to cut our costs due to the decreased gross revenues. We anticipate advertising and direct marketing costs to remain relatively stable in future periods while we continue to enhance our product visibility online, increase and focus more on our direct marketing efforts, yet limit the scope and frequency of our print advertising campaigns to those that we can capitalize

on the most in order to maximize sales associated with new products, product enhancements and potential new product lines. During the nine months ended September 30, 2009, sales and marketing wages - reclassified, decreased as a result of streamlining our CBA sales team, and therefore, we anticipate a decrease in future periods. However, we have recognized approximately \$21,000 of expense related to 725,000 restricted shares of common stock issued to our sales team employees for the nine months ended September 30, 2009. While we would like to expand our in-house direct-telemarketing sales team in relation to our current and potential new product lines, we may not be able to do so in the immediate future due to the current economic climate.

Net personnel costs increased as a result of capitalizing and reclassifying approximately \$101,000 less in 2009 than in 2008. This increase was offset by a decrease in gross personnel costs of approximately \$64,000 (from approximately \$933,000 for the nine months ended September 30, 2008 to approximately \$869,000 for the nine months ended September 30, 2009) even after recognizing approximately \$112,000 of expense related to 3,357,143 restricted shares of common stock issued to employees as bonus compensation for services rendered January 1, 2004 through December 31, 2008. The decrease in gross personnel costs is the result of the departure of a member of the product development team as we have streamlined this department with external, independently contracted developers, the reduction in our technical support staff as our software products become more stable, the loss of our Vice President of Sales as we have restructured our CBA sales team and the restructuring of our employee health care benefits plan. As a percentage of gross revenues, gross direct salaries and wages remained relatively stable at approximately 51% for the nine months ended September 30, 2009 and 2008. Due to the current economic climate, we anticipate direct salaries and wages to decrease in the future.

The decrease in the amortization and depreciation expense is mainly attributable to the decrease in amortization. The software license we acquired in 1999, from which we derive our base intellectual property rights associated with the products that are responsible for generating the overwhelming majority of our revenues (the "1999 license"), was being amortized over a 10 year useful life and became fully amortized as of June 30, 2009. Amortization expense for the nine months ended September 30, 2009 and 2008 reflect the continual amortization of the 1999 license as well as the amortization of the FormTool® assets we acquired in February 2008. The FormTool® assets are amortized over a period of years that range from less than one year to ten years and approximate \$3,000 of amortization expense each month. In addition, for the nine months ended September 30, 2009 we recognized amortization expense for our FormTool® website, www.formtool.com, which was successfully re-launched in September 2008. Overall, we anticipate amortization and depreciation expense to decrease in future periods as the amortization related to the 1999 license has ceased.

Table of Contents

Research and development costs include direct production costs (including labor directly associated with the development projects), indirect costs (including allocated fringe benefits, payroll taxes, facilities costs and management supervision), and other direct costs (including costs of outside consultants, purchased software to be included in the software product being developed, travel expenses, material and supplies, and other direct costs). The decrease in software development costs related to third-party developers and direct labor expensed as research and development reflects fewer development projects and therefore; fewer third party man hours needed towards development projects for the nine months ended September 30, 2009. In future periods, we anticipate research and development expenses to either decrease or remain relatively stable as we have experienced an overall increased efficiency in our development output (both internal and external).

Corporate service fees decreased for the nine months ended September 30, 2009. The corporate service fees incurred for the nine months ended September 30, 2008 were from engaging the services of a consultant for business development related advisory services in March 2007. While the consultant's contract ended in June 2008, we renewed the consultant's contract for another period of twelve to eighteen months at a reduced rate.

Gain on Fair Value Adjustment of Derivatives

In connection with warrants issued in November 2004, a non-cash fair value adjustment of approximately \$306,000 has been included in other income for the nine months ended September 30, 2008. These warrants were accounted for as a liability according to the guidance of EITF 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock and the guidance of EITF 00-19-2, Accounting for Registration Payment Arrangements. These warrants were canceled on March 6, 2008 and there is no recognition, therefore, of a derivative liability on our December 31, 2008 balance sheet. Furthermore, we will not experience a non-cash fair value adjustment related to these warrants which would be included in other expenses or other income beyond the date of March 6, 2008.

Gain on Settlement of Derivative Liabilities

On March 6, 2008, we entered into and consummated an agreement with Barron Partners, LP in which warrants issued to that entity in November 2004 were immediately canceled in exchange for a single cash payment to Barron Partners, LP in the amount of \$150,000. As a result of this transaction, these warrants are now null and void for all purposes. We recorded a one time gain during the nine months ended September 30, 2008 due to the agreement calling for a cash payment that was less than the Black-Scholes calculated fair value of the derivatives on such date.

Income Taxes

For the nine months ended September 30, 2009 and 2008, based on uncertainty about the timing of and ability to generate future taxable income and our assessment that the realization of the deferred tax assets no longer met the "more likely than not" criterion for realization, we provided for a full valuation allowance against our net deferred tax assets. If we determine that it is more likely than not that we will be able to realize our deferred tax assets in the future, an adjustment to the deferred tax asset valuation allowance would be recorded in the period when such determination is made.

Liquidity And Capital Resources

Our primary needs for liquidity and capital resources are the working capital requirements of our continued operations, which includes the ongoing internal development of new products, expansion and upgrade of existing products, and marketing and sales, as well as funding for the acquisition of new product lines and/or companies. At this time it is unlikely that cash generated through our continuing operations will be sufficient to sustain our

continuing operations. Furthermore, our pursuit of an aggressive growth plan, whether based on internally developed products, licensing opportunities, or strategic product line and/or company acquisitions, will likely require funding from outside sources or the divestiture of one or more existing product lines (as occurred with respect to our Membership Plus® product line). Funding from outside sources may include but is not limited to the pursuit of other financing options such as commercial loans, common stock and/or preferred stock issuances and convertible notes. At this time, we have no legally committed funds for future capital expenditures.

-7-

Table of Contents

The divestiture of our Membership Plus® product line in October 2007 was driven by a combination of our need to raise cash and a strategic determination to begin a long-term shift in our product lines away from those within the faith-based vertical market and more towards those that extend across the business-to-business and consumer segments more generally. With a portion of the funds we realized from the sale of our Membership Plus® product line, we purchased FormTool® in February 2008 which was our first product line acquisition outside of the faith-based market. Although there can be no assurance, we anticipate acquiring additional product lines and/or entering into business combinations which will either replace or increase the revenue and free cash flow previously produced by the Membership Plus® product line.

	September 30, 2009	December 31, 2008
Working Capital		
Current assets	\$ 339,648	\$ 712,066
Current liabilities	\$ 1,775,436	\$ 1,815,561
Retained deficit	\$ 8,704,274	\$ 8,057,377

While liquidity for our day-to-day continued operations remains an ongoing concern for us, and while there can be no continuing assurance, given the fact that a substantial portion of our net sales – 57% of which we collected during the year ended December 31, 2008 through credit card processing transactions – are able to be collected in a much shorter timeframe (several days) than that in which we must generally pay our trade payables (30 days) and our accrued royalties (quarterly, semi-annually, or annually), the situation suggested by our consistently and significantly negative ratio of current assets to current liabilities has historically been manageable.

Cash Flows for Nine Months Ending September 30	2009	2008	Change	%
Cash flows (used) by operating activities	\$ (47,516)	\$ (146,649)	\$ 99,133	68%
Cash flows (used) by investing activities	\$ (196,693)	\$ (378,408)	\$ 181,715	48%
Cash flows (used) by financing activities	\$ (51,821)	\$ (176,722)	\$ 124,901	71%

Net cash used by operating activities decreased for the nine months ended September 30, 2009 due to a reduction in cash received from customers which was offset in part by a reduction in payments made to content providers, vendors and employees.

The decrease in net cash used by investing activities for the nine months ended September 30, 2009 was due to the lack of investing activities related to asset purchases and capitalized website development costs. Furthermore, we reduced our restricted cash held in reserve by our merchant banker by approximately \$32,000 by switching to a new merchant banker service. Comparatively, the cash used by investing activities for the nine months ended September 30, 2008 was a result of the purchase of FormTool® in February 2008.

The decrease in net cash used by financing activities for the nine months ended September 30, 2009 was the result of only having continued payments made on long-term notes payable. Comparatively for the nine months ended September 30, 2008, cash used by financing activities included payments made on long term notes payable as well as a settlement payment to Barron Partners, LP in the amount of \$150,000 in exchange for the cancellation of the warrants issued in November 2004.

Financing

We have been unable to secure bank financing due to our internal financial ratios and negative working capital position and do not expect that we will be successful in securing any such financing unless and until our ratios in this regard improve. However, it may be possible to secure financing on our open accounts receivable in order to satisfy our future financing needs. Equity financing, too, remains an option for us, though no definitive prospects for any such financing have been specifically identified.

Contractual Liabilities

In May 2007, we secured an operating lease with a third-party for our corporate office facility in Omaha, Nebraska with terms extending through May 2012. We also secured an operating lease with a third-party for a warehouse facility in Omaha, Nebraska with terms extending through June 2010. In accordance with the terms of these leasehold agreements, we are responsible for all associated taxes, insurance and utility expenses.

-8-

Table of Contents

At September 30, 2009, the total future minimum rental payments required under these leases is approximately \$160,000 through the year 2012.

We lease telephone equipment under a capital lease due to expire in November 2009. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments. The asset is depreciated over a 5 year life. Total minimum future lease payments under capital leases as of September 30, 2009 is approximately \$2,000 through the year 2009.

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.

Contractual Obligations

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

ITEM 4T. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by paragraph (b) of Rule 13a-15 under the Exchange Act, our principal executive and principal financial officers are responsible for assessing the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(f) under the Exchange Act). Accordingly, we maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q September 30, 2009, and have determined that such disclosure controls and procedures are effective.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the fiscal quarter covered by this report that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On April 27, 2009, we received a letter from counsel for the plaintiff, Gary Odom, in a civil proceeding that has been commenced in federal district court against Findex, among numerous other co-defendants, notifying us of such proceeding. The action alleges that our QuickVerse® product incorporates certain patented source code owned by the plaintiff and for which no appropriate authorization has been granted to Findex. While we are of the belief that the intellectual property infringement claims asserted against us in this action are without merit, any such claims, whether or not meritorious, could result in costly litigation or require us to enter into royalty or licensing agreements. If we are found to have infringed the proprietary rights of others, we could be required to pay damages, redesign the products or discontinue their sale. Any of these outcomes, individually or collectively, could have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations.

As of the date of this quarterly report on Form 10-Q for the period ended September 30, 2009, and to the best knowledge of our officers and directors, there were no other pending material legal proceedings to which we were a party and we were not aware that any were contemplated. There can be no assurance, however, that we will not be made a party to litigation in the future.

ITEM 1A. RISK FACTORS.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

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

There were no reportable events under this Item 3 during the quarterly period ended September 30, 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

As of the date of this quarterly report on Form 10-Q for the period ended September 30, 2009, we are in default under a certain unsecured term note payable to a shareholder in the total amount of approximately \$70,000. The arrearage as of such date was \$56,000, plus interest. In accordance with the terms of the note, our default has triggered an acceleration of the entire balance plus accumulated interest.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of our stockholders during the quarterly period ended September 30, 2009.

ITEM 5. OTHER INFORMATION.

There were no reportable events under this Item 5 during the quarterly period ended September 30, 2009.

ITEM 6. EXHIBITS.

Exhibits required by Item 601 of Regulation S-K.

No. Description of Exhibit

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2.1 Share Exchange Agreement between Findex.com, Inc. and the stockholders of Reagan Holdings, Inc. dated March 7, 2000, incorporated by reference to Exhibit 2.1 on Form 8-K filed March 15, 2000.

3(i)(1) Restated Articles of Incorporation of Findex.com, Inc. dated June 1999 incorporated by reference to Exhibit 3.1 on Form 8-K filed March 15, 2000.

-10-

Table of Contents

- 3(i)(2) Amendment to Articles of Incorporation of Findex.com, Inc. dated November 10, 2004 incorporated by reference to Exhibit 3.1(ii) on Form 10-QSB filed November 10, 2004.
- 3(ii) Restated By-Laws of Findex.com, Inc., incorporated by reference to Exhibit 3.3 on Form 8-K filed March 15, 2000.
- 10.1 Stock Incentive Plan of Findex.com, Inc. dated May 7, 1999, incorporated by reference to Exhibit 10.1 on Form 10-KSB/A filed May 13, 2004.
- 10.2 Share Exchange Agreement between Findex.com, Inc. and the stockholders of Reagan Holdings Inc., dated March 7, 2000, incorporated by reference to Exhibit 2.1 on Form 8-K filed March 15, 2000.
- 10.3 License Agreement between Findex.com, Inc. and Parsons Technology, Inc. dated June 30, 1999, incorporated by reference to Exhibit 10.3 on Form 10-KSB/A filed May 13, 2004.
- 10.4 Employment Agreement between Findex.com, Inc. and Steven Malone dated July 25, 2003, incorporated by reference to Exhibit 10.4 on Form 10-KSB/A filed May 13, 2004.
- 10.5 Employment Agreement between Findex.com, Inc. and Kirk Rowland dated July 25, 2003, incorporated by reference to Exhibit 10.5 on Form 10-KSB/A filed May 13, 2004.
- 10.6 Employment Agreement between Findex.com, Inc. and William Terrill dated June 7, 2002, incorporated by reference to Exhibit 10.6 on Form 10-KSB/A filed May 13, 2004.
- 10.7 Restricted Stock Compensation Agreement between Findex.com, Inc. and John A. Kuehne dated July 25, 2003, incorporated by reference to Exhibit 10.7 on Form 10-KSB/A filed May 13, 2004.
- 10.8 Restricted Stock Compensation Agreement between Findex.com, Inc. and Henry M. Washington dated July 25, 2003, incorporated by reference to Exhibit 10.8 on Form 10-KSB/A filed May 13, 2004.
- 10.9 Restricted Stock Compensation Agreement between Findex.com, Inc. and William Terrill dated July 25, 2003, incorporated by reference to Exhibit 10.9 on Form 10-KSB/A filed May 13, 2004.
- 10.10 Stock Purchase Agreement, including the form of warrant agreement, between Findex.com, Inc. and Barron Partners, LP dated July 19, 2004, incorporated by reference to Exhibit 10.1 on Form 8-K filed July 28, 2004.
- 10.11 Amendment No. 1 to Stock Purchase Agreement between Findex.com, Inc. and Barron Partners, LP dated September 30, 2004, incorporated by reference to Exhibit 10.3 on Form 8-K filed October 6, 2004.
- 10.12 Registration Rights Agreement between Findex.com, Inc. and Barron Partners, LP dated July 26, 2004, incorporated by reference to Exhibit 10.2 on Form 8-K filed July 28, 2004.
- 10.13 Waiver Certificate between Findex.com, Inc. and Barron Partners, LP dated September 16, 2004, incorporated by reference to Exhibit 10.4 on Form 8-K filed October 6, 2004.
- 10.14 Settlement Agreement between Findex.com, Inc., The Zondervan Corporation, Mattel, Inc., TLC Multimedia, Inc., and Riverdeep, Inc. dated October 20, 2003, incorporated by reference to Exhibit 10.14 on Form 10-KSB/A filed December 14, 2005.

10.15 Employment Agreement Extension between Findex.com, Inc and Steven Malone dated March 31, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed April 6, 2006.

10.16 Employment Agreement Extension between Findex.com, Inc and William Terrill dated March 31, 2006, incorporated by reference to Exhibit 10.2 on Form 8-K filed April 6, 2006.

Table of Contents

- 10.17 Employment Agreement Extension between Findex.com, Inc and Kirk R. Rowland dated March 31, 2006, incorporated by reference to Exhibit 10.3 on Form 8-K filed April 6, 2006.
- 10.18 Promissory Note to Barron Partners, LP dated April 7, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed April 13, 2006.
- 10.19 Share Exchange Agreement between Findex.com, Inc. and the stockholders of Reagan Holdings Inc., dated March 7, 2000, incorporated by reference to Exhibit 2.1 on Form 8-K filed March 15, 2000.
- 10.20 Convertible Secured Promissory Note between FindEx.com, Inc. and W. Sam Chandoha, dated July 20, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed July 26, 2006.
- 10.21 Security Agreement between FindEx.com, Inc. and W. Sam Chandoha, dated July 20, 2006 incorporated by reference to Exhibit 10.2 on Form 8-K filed July 26, 2006.
- 10.22 Common Stock Purchase Warrant between FindEx.com, Inc. and W. Sam Chandoha, dated July 20, 2006 incorporated by reference to Exhibit 10.3 on Form 8-K filed July 26, 2006.
- 10.23 Modification and Extension Agreement Between FindEx.com, Inc. and W. Sam Chandoha, dated September 20, 2006, incorporated by reference to Exhibit 10.1 on Form 8-K filed September 25, 2006.
- 10.24 Employment Agreement Extension Amendment between Findex.com, Inc. and Steven Malone dated April 13, 2007, incorporated by reference to Exhibit 10.24 on Form 10-KSB filed April 17, 2007.
- 10.25 Employment Agreement Extension Amendment between Findex.com, Inc. and William Terrill dated April 13, 2007, incorporated by reference to Exhibit 10.25 on Form 10-KSB filed April 17, 2007.
- 10.26 Employment Agreement Extension Amendment between Findex.com, Inc. and Kirk R. Rowland dated April 13, 2007, incorporated by reference to Exhibit 10.26 on Form 10-KSB filed April 17, 2007.
- 10.27 Asset Purchase Agreement between Findex.com, Inc. and ACS Technologies Group, Inc. dated October 18, 2007, incorporated by reference to Exhibit 10.27 on Form 8-K filed October 24, 2007.
- 10.28 Partial Assignment of License Agreement Among Findex.com, Inc., Riverdeep, Inc., LLC and ACS Technologies Group, Inc. dated October 11, 2007, incorporated by reference to Exhibit 10.28 on Form 8-K filed October 24, 2007.
- 10.29 Asset Purchase Agreement between Findex.com, Inc. and ORG Professional, LLC dated February 25, 2008, incorporated by reference to Exhibit 10.29 on Form 8-K filed on February 28, 2008.
- 10.30 Warrant Cancellation Agreement between Findex.com, Inc. and Barron Partners, L.P. dated March 6, 2008, incorporated by reference to Exhibit 10.30 on Form 8-K filed on March 10, 2008.
- 10.31 Employment Agreement Extension Amendment between Findex.com, Inc. and Steven Malone dated April 14, 2008, incorporated by reference to Exhibit 10.31 on Form 10-KSB filed on April 15, 2008.
- 10.32 Employment Agreement Extension Amendment between Findex.com, Inc. and William Terrill dated April 14, 2008, incorporated by reference to Exhibit 10.32 on Form 10-KSB filed on April 15, 2008.

10.33 Employment Agreement Extension Amendment between Findex.com, Inc. and Kirk R. Rowland dated April 14, 2008, incorporated by reference to Exhibit 10.33 on Form 10-KSB filed on April 15, 2008.

Table of Contents

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and dated November 23, 2009. FILED HEREWITH.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and dated November 23, 2009. FILED HEREWITH.

32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and dated November 23, 2009. FILED HEREWITH.

Signatures

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

FINDEX.COM,
INC.

Date:	By/s/ Steven
November	Malone
23, 2009	
	Steven Malone
	President and
	Chief Executive
	Officer

Date:	By/s/ Kirk R.
November	Rowland
23, 2009	
	Kirk R. Rowland,
	CPA
	Chief Financial
	Officer (Principal
	Financial &
	Accounting
	Officer)

Table of Contents
