

FINDEX COM INC
Form 10QSB
May 21, 2007

**U. S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 10-QSB
QUARTERLY REPORT UNDER SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007**

Commission file number: 0-29963

FINDEX.COM, INC.

(Name of small business issuer in its charter)

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

11204 Davenport 68154
Street, Suite 100.
Omaha,
Nebraska
(Address of (Zip Code)
principal
executive
offices)

(402) 333-1900
(Issuer's telephone number)

NA.

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [X] No []**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes**

No [X]

At May 21, 2007, the registrant had outstanding 49,788,317 shares of common stock, of which there is only a single class.

Transitional Small Business Disclosure Format (check one): Yes ___ No [X]

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PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS.**

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

| | (Unaudited) | |
|---|-------------------|----------------------|
| | March 31, 2007 | December 31, 2006 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 54,494 | \$ 48,672 |
| Accounts receivable, trade, net | 404,772 | 318,000 |
| Inventory | 158,123 | 145,344 |
| Other current assets | 170,482 | 213,162 |
| Total current assets | 787,871 | 725,178 |
| Property and equipment, net | 79,647 | 86,638 |
| Software license, net | 1,132,892 | 1,258,769 |
| Capitalized software development costs, net | 493,981 | 491,695 |
| Restricted cash | 40,000 | --- |
| Other assets | 489,012 | 493,565 |
| Total assets | \$ 3,023,403 | \$ 3,055,845 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable, trade | \$ 598,168 | \$ 693,260 |
| Accrued royalties | 746,468 | 649,763 |
| Derivative liabilities | 500,324 | 526,868 |
| Other current liabilities | 618,054 | 561,111 |
| Total current liabilities | 2,463,014 | 2,431,002 |
| Long-term obligations | 21,795 | 80,568 |
| Commitments and contingencies (Note 7) | | |
| Stockholders' equity: | | |
| Common stock | 49,788 | 49,788 |
| Paid-in capital | 7,592,884 | 7,592,884 |
| Retained (deficit) | (7,104,078) | (7,098,397) |
| Total stockholders' equity | 538,594 | 544,275 |
| Total liabilities and stockholders' equity | \$ 3,023,403 | \$ 3,055,845 |

See accompanying notes.

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

| | Three Months Ended | |
|--|---------------------------|----------------|
| | March 31, | |
| | 2007 | 2006 |
| Revenues, net of reserves and allowances | \$ 1,155,493 | \$ 1,098,791 |
| Cost of sales | 495,358 | 484,468 |
| Gross profit | 660,135 | 614,323 |
| Operating expenses: | | |
| Sales and marketing | 190,704 | 190,924 |
| General and administrative | 345,328 | 473,386 |
| Other operating expenses | 150,323 | 145,883 |
| Total operating expenses | 686,355 | 810,193 |
| Loss from operations | (26,220) | (195,870) |
| Other expenses, net | (8,830) | (1,932) |
| Registration rights penalties | --- | (49,314) |
| Gain (loss) on valuation adjustment of derivatives | 26,544 | (608,872) |
| Loss before income taxes | (8,506) | (855,988) |
| Income tax (provision) benefit | 2,825 | (30,808) |
| Net loss | (5,681) | (886,796) |
| Retained deficit at beginning of year | (7,098,397) | (7,752,097) |
| Retained deficit at end of period | \$ (7,104,078) | \$ (8,638,893) |
| Net loss per share: | | |
| Basic | \$ 0.00 | \$ (0.02) |
| Diluted | \$ 0.00 | \$ (0.02) |
| Weighted average shares outstanding: | | |
| Basic | 49,788,317 | 48,619,855 |
| Diluted | 49,788,317 | 48,619,855 |

See accompanying notes.

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

| Three Months Ended March 31, | 2007 | 2006 |
|--|--------------|--------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,099,252 | \$ 1,138,412 |
| Cash paid to suppliers and employees | (899,692) | (1,135,406) |
| Other operating activities, net | (6,996) | 3,872 |
| Net cash provided by operating activities | 192,564 | 6,878 |
| Cash flows from investing activities: | | |
| Software development costs | (109,705) | (63,231) |
| Deposits paid | (40,000) | --- |
| Other investing activities, net | (4,568) | (7,342) |
| Net cash used by investing activities | (154,273) | (70,573) |
| Cash flows from financing activities: | | |
| Payments made on long-term notes payable | (32,469) | (2,197) |
| Net cash used by financing activities | (32,469) | (2,197) |
| Net increase (decrease) in cash and cash equivalents | 5,822 | (65,892) |
| Cash and cash equivalents, beginning of year | 48,672 | 119,560 |
| Cash and cash equivalents, end of period | \$ 54,494 | \$ 53,668 |
| Reconciliation of net loss to cash flows from operating activities: | | |
| Net loss | \$ (5,681) | \$ (886,796) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Software development costs amortized | 107,419 | 184,128 |
| (Gain) loss on fair value adjustment of derivatives | (26,544) | 608,872 |
| Bad debts provision | 5,785 | --- |
| Depreciation & amortization | 144,538 | 145,883 |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (92,557) | 65,357 |
| (Increase) decrease in inventories | (12,779) | 52,554 |
| Decrease in refundable taxes | --- | 5,764 |
| Decrease in prepaid expenses | 42,956 | 62,241 |
| Increase (decrease) in accrued royalties | 96,705 | (19,841) |
| (Decrease) in accounts payable | (95,092) | (134,771) |
| Increase in income taxes payable | 2,050 | --- |
| (Decrease) increase in deferred taxes | (2,825) | 30,808 |
| Increase (decrease) in other liabilities | 28,589 | (107,321) |
| Net cash provided by operating activities | \$ 192,564 | \$ 6,878 |

See accompanying notes.

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Findex.com, Inc.
Notes to Condensed Consolidated Financial Statements
March 31, 2007
(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-QSB and Item 310 of Regulation S-B. 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 fiscal year or for any future period. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-KSB for the fiscal year ended December 31, 2006.

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, 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 Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, 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. Our software license is amortized over a ten-year useful life.

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SOFTWARE DEVELOPMENT COSTS

In accordance with SFAS No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise 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), or (ii) the ratio of current revenues to total projected product revenues. Total cumulative capitalized software development costs were \$1,824,587, less accumulated amortization of \$1,330,606 at March 31, 2007.

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.

SFAS No. 2, *Accounting for Research and Development Costs*, established accounting and reporting standards for research and development. In accordance with SFAS No. 2, 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 \$29,581 and \$52,232 for the three months ended March 31, 2007 and 2006, 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 American Institute of Certified Public Accountants Statement of Position ("SOP") 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. 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 Financial Accounting Standard Board's ("FASB's") Emerging Issues Task Force ("EITF") Issue No. 00-2, *Accounting for Website Development Costs*. Under EITF Issue No. 00-2, 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,
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.

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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 \$108,582, less accumulated amortization of \$79,672 at March 31, 2007.

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 SOP 97-2, *Software Revenue Recognition*, as modified by SOP 98-9, *Modification of SOP 97-2, With Respect to Certain Transactions*. 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 EITF Issue No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Product*, we generally 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 months ended March 31, 2007 and 2006 and maintain a reserve for rebate claims remaining unpaid from 2000 and 2001.

Service Revenue

We offer several technical support plans and recognize support revenue over the life of the plans, generally one year.

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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.

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.

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.

INCOME TAXES

We utilize SFAS No. 109, *Accounting for Income Taxes*. SFAS No. 109 requires the use of 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 SFAS No. 128, *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.

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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 SFAS No. 128.

RECLASSIFICATIONS

Certain accounts in our 2006 financial statements have been reclassified for comparative purposes to conform with the presentation in our 2007 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 March 31, 2007, we had a year-to-date net loss of (\$5,681), and negative working capital of \$1,675,143 and \$1,705,824, and an accumulated deficit of \$7,104,078 and \$7,098,397 as of March 31, 2007 and December 31, 2006, respectively. Although these factors raise substantial doubt as to our ability to continue as a going concern through December 31, 2007, we have taken several actions to mitigate against this risk. These actions include potentially selling some of our intangible assets and pursuing mergers and acquisitions that will provide profitable operations and positive operating cash flow.

NOTE 3 - INVENTORIES

At March 31, 2007, inventories consisted of the following:

| | |
|----------------|-------------------|
| Raw materials | \$ 92,000 |
| Finished goods | 66,123 |
| Inventories | \$ 158,123 |

NOTE 4 - DERIVATIVES

At March 31, 2007, our derivative liability consisted of the following:

| | |
|-------------|-------------------|
| Warrant A | \$ 65 |
| Warrant B | 267,003 |
| Warrant C | 233,256 |
| Derivatives | \$ 500,324 |

In May 2004, we issued a three-year warrant (Warrant A) to purchase up to 600,000 shares of our common stock to a consultant. This warrant may be exercised on a cashless basis at the option of the warrant holder at a price per share of \$0.15. We will receive up to \$90,000 from the warrant holder upon the exercise of this warrant. This warrant has been 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*. The fair value of the warrant has been determined using the Black-Scholes valuation method with the assumptions listed in the table below. See Note 9.

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In November 2004, we issued two five-year warrants to purchase up to an aggregate of 21,875,000 shares of our common stock in connection with a certain Stock Purchase Agreement completed with a New York-based private investment partnership on July 19, 2004. The first warrant (Warrant B) entitles the holder to purchase up to 10,937,500 shares of our common stock at a price of \$0.18 per share, and the second warrant (Warrant C) entitles the holder to purchase up to 10,937,500 additional shares of our common stock at a price of \$0.60 per share. Each warrant is subject to standard adjustment provisions and each provides for settlement in registered shares of our common stock and may, at the option of the holder, be settled in a cashless, net-share settlement. The warrant holder is prevented from electing a cashless exercise so long as there is in effect a registration statement covering the shares underlying these warrants. The maximum number of shares of our common stock to be received for each warrant in a net-share settlement would be 10,937,500 but the actual number of shares settled would likely be significantly less and would vary based on the last reported sale price (as reported by Bloomberg) of our common stock on the date immediately preceding the date of the exercise notice. These warrants are accounted for as a liability according to the guidance of EITF 00-19 and the fair value of each warrant has been determined using the Black-Scholes valuation method with the assumptions listed in the table below.

| | Warrant A | Warrant B | Warrant C |
|------------------------------------|--------------|--------------|--------------|
| Expected term - years | .08 | 2.61 | 2.61 |
| Stock price at March 31, 2007 | \$ 0.03 | \$ 0.03 | \$ 0.03 |
| Expected dividend yield | 0% | 0% | 0% |
| Expected stock price volatility | 235% | 212% | 212% |
| Risk-free interest rate | 4.60% | 4.34% | 4.34% |

The warrants are revalued at each balance sheet date by using the parameters above, reducing the expected term to reflect the passing of time, and using the stock price at the balance sheet date. Net fair value adjustments included in other income and expenses on the consolidated statements of operations were an income adjustment of \$26,544 for the three months ended March 31, 2007, and an expense adjustment of (\$608,872) for the three months ended March 31, 2006.

NOTE 5 - INCOME TAXES

The provision (benefit) for taxes on net loss for the three months ended March 31, 2007 and 2006 consisted of the following:

| | 2007 | 2006 |
|-------------------------------|------------|-----------|
| Current: | | |
| Federal | \$ --- | \$ --- |
| State | --- | --- |
| | --- | --- |
| Deferred: | | |
| Federal | (2,850) | 31,844 |
| State | 25 | (1,036) |
| | (2,825) | 30,808 |
| Total tax provision (benefit) | \$ (2,825) | \$ 30,808 |

NOTE 6 - EARNINGS PER COMMON SHARE

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 March 31, | 2007 | 2006 |
|---|-------------------|--------------|
| Net loss | \$ (5,681) | \$ (886,796) |
| Preferred stock dividends | --- | --- |
| Net loss available to common shareholders | \$ (5,681) | \$ (886,796) |
| Basic weighted average shares outstanding | 49,788,317 | 48,766,009 |
| Dilutive effect of: | | |
| Convertible debt | --- | --- |
| Stock options | --- | --- |
| Warrants | --- | --- |
| Diluted weighted average shares outstanding | 49,788,317 | 48,766,009 |

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NOTE 7 - COMMITMENTS AND CONTINGENCIES

We are subject to legal proceedings and claims that arise in the ordinary course of our business. In the opinion of management, the amount of ultimate liability with respect to these 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 (loss) from operations adjusted for other income and interest expense (4% total). We accrue this bonus on a quarterly basis. Our management team consists of our Chief Executive Officer (with a base annual salary of \$150,000), our Chief Financial Officer (with a base annual salary of \$110,000), our Chief Technology Officer (with a base annual salary of \$150,000) and our Vice President of Sales (with a base annual salary of \$110,000). In addition to the bonus provisions and annual base salary, each employment agreement provides for payment of all accrued base salaries (\$10,980 included in Other current liabilities at March 31, 2007), bonuses (\$30,542 included in other current liabilities at March 31, 2007), and any vested deferred vacation compensation (\$35,709 included in other current liabilities at March 31, 2007) for termination by reason of disability. 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.

In 2003 and 2004, we reduced our reserve for rebates payable based, in part, on our ability to meet the financial obligation of claims carried forward from our last rebate program in 2001. As such, we may have a legal obligation to pay rebates in excess of the liability recorded.

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 resulted in a reversal of its current position, 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 8 - 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.

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NOTE 9 - SUBSEQUENT EVENTS

On April 26, 2007, 50,000 vested stock options with an exercise price of \$0.11 per share, related to a terminated employee, expired unexercised.

On May 1, 2007, a warrant issued to a consultant to purchase up to 600,000 restricted shares of our common stock with an exercise price of \$0.15 per share expired unexercised.

In May 2007, we secured a 5-year lease for office space in Omaha, Nebraska. The lease provides for graduated rates ranging from \$4,167 to \$4,667 per month and contains one 5-year renewal option.

In May 2007, we secured a 3-year lease for warehouse space in Omaha, Nebraska. The lease provides for a base monthly rent of \$1,979 and contains one 3-year renewal option.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report on Form 10-QSB, press releases and certain information provided periodically in writing or verbally by our officers or our agents contain statements which constitute forward-looking statements. The words "may", "would", "could", "will", "expect", "estimate", "anticipate", "believe", "intend", "plan", "goal", and similar expressions and variations thereof are intended to specifically identify forward-looking statements. These statements appear in a number of places in this Form 10-QSB and include all statements that are not statements of historical fact regarding the intent, belief or current expectations of us, our directors or our officers, with respect to, among other things (i) our liquidity and capital resources, (ii) our financing opportunities and plans, (iii) our ability to attract customers to generate revenues, (iv) competition in our business segment, (v) market and other trends affecting our future financial condition or results of operations, (vi) our growth strategy and operating strategy, and (vii) the declaration and/or payment of dividends.

Investors and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Factors that might cause such differences include, among others, those set forth in Part I, Item 2 of this quarterly report on Form 10-QSB, entitled "Management's Discussion and Analysis or Plan of Operation", and including without limitation the "Risk Factors" contained in the company's annual report on Form 10-KSB for the period ending December 31, 2006. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this Form 10-QSB after the date of this report.

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 or Plan of Operation contained in our annual report on Form 10-KSB for the fiscal year ended December 31, 2006.

MANAGEMENT OVERVIEW

During the first quarter of 2007, we released an upgrade to QuickVerse® Macintosh. QuickVerse® 2007 Macintosh is available in three editions and provides access to several Bible translations along with numerous reference titles.

The QuickVerse® 2007 Macintosh family of products includes:

QuickVerse® White Box Edition (which includes 10 Bibles and 45 reference titles, retail price: \$59.95);

QuickVerse® Black Box Edition (which includes 15 Bibles and 66 reference titles, retail price: \$129.95); and

QuickVerse® Gold Box Edition (which includes 22 Bibles and 158 reference titles, retail price: \$349.95).

Also during our first quarter 2007, as part of our ongoing partnership with Thomas Nelson Publishers®, we released the Nelson Reference Collection® for QuickVerse® (Windows) users. This extensive reference collection includes Nelson's New Illustrated Bible Dictionary and has a retail price of \$129.95.

Comparatively, during the first quarter of 2006, we released QuickVerse® 2006 Parable Edition, with a suggested retail price of \$49.95, and QuickVerse® 2006 Bible Suite, with a suggested retail price of \$29.95.

During the first quarter of 2007, we were able to increase our gross revenues as well as decrease our total operating expenses while reducing our general and administrative costs. Although there can be no assurance, we anticipate that revenues will increase in real terms during our 2007 fiscal year based upon our development schedule for the fiscal year and the introduction of new titles that will broaden the content made available for our QuickVerse® products.

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Table of Contents**Results of Operations for Quarters Ending March 31, 2007 and March 31, 2006**

| Statement of Operations for Three Months Ending March 31 | 2007 | 2006 | Change | % |
|---|---------------------|--------------|---------------|----------|
| Net revenues | \$ 1,155,493 | \$ 1,098,791 | \$ 56,702 | 5% |
| Cost of sales | 495,358 | 484,468 | 10,890 | 2% |
| Gross profit | \$ 660,135 | \$ 614,323 | \$ 45,812 | 7% |
| Total operating expenses | (686,355) | (810,193) | 123,838 | 15% |
| Loss from operations | \$ (26,220) | \$ (195,870) | \$ 169,650 | 87% |
| Other expenses | (8,830) | (1,932) | (6,898) | 357% |
| Registration rights penalties | --- | (49,314) | 49,314 | 100% |
| Gain (loss) on fair value adjustment of derivatives | 26,544 | (608,872) | 635,416 | 104% |
| Loss before income taxes | \$ (8,506) | \$ (855,988) | \$ 847,482 | 99% |
| Income tax (provision) benefit | 2,825 | (30,808) | 33,633 | 109% |
| Net loss | \$ (5,681) | \$ (886,796) | \$ 881,115 | 99% |

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.

Our net revenues increased approximately \$57,000 from net revenues of approximately \$1,099,000 for the three months ended March 31, 2006 to net revenues of approximately \$1,156,000 for the three months ended March 31, 2007. Further, we incurred a net loss of approximately \$6,000 for the three months ended March 31, 2007, which represents an improvement of approximately \$881,000 from our net loss of approximately \$887,000 for the three months ended March 31, 2006. The differing results of operations are primarily attributable to a gain of approximately \$27,000 related to the fair value (non-cash) adjustment of derivatives for the three months ended March 31, 2007 compared to a loss of approximately \$609,000 for the three months ended March 31, 2006, but also, to a much lesser extent, the following:

a decrease in total operating expenses of approximately \$124,000 from total operating expenses of approximately \$810,000 for the three months ended March 31, 2006 to total operating expenses of approximately \$686,000 for the three months ended March 31, 2007; and

a decrease in registration rights penalties of approximately \$49,000 for the three months ended March 31, 2007 as our registration statement on Form SB-2, originally filed by us on November 22, 2004 was declared effective by the SEC on February 1, 2006.

Revenues

We derive revenues from the sale of packaged software products, product support and multiple element arrangements that may include any combination of these items. Revenue is recognized 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. For our packaged software products, we typically recognize revenue from the sale 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. Service revenue resulting from technical support plans is recognized over the life of the plan, which is generally one year. Revenue associated with advance payments from our customers is deferred until we ship the product or offer the support service. 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. For revenue arrangements involving multiple products or product and service packages, we allocate and defer revenue for the undelivered products or product and service packages based on their vendor-specific objective evidence of fair value, which is generally the price charged when that product or product and service package is sold separately.

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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. Estimated returns are also based upon a percentage of total retail and direct sales. Direct sales accounted for approximately 53% of our 2006 fiscal year revenue. We account for cash considerations (such as sales incentives - rebates and coupons) that we give our customers as a reduction of revenue rather than as an operating expense. Product revenue is also reduced for the estimated redemption of end-user rebates on certain current product sales. We did not have any rebate programs during the three months ended March 31, 2006 and 2007, respectively.

Trends that our returns typically follow include (i) the seasonality of sales, and (ii) the fact that, generally, relatively higher return rates occur in connection with recently released title or title versions. Historically, actual returns have been within management's prior estimates, however, we cannot be certain that any future write-offs exceeding reserves will not occur or that amounts written off will not have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations. Management continually monitors and adjusts these allowances to take into account actual developments and sales results in the marketplace. In the past, particularly during title and title version transitions, we have had to increase price concessions to our retail customers in order to move channel inventory.

Product returns from distributors and Christian bookstores are allowed primarily in exchange for new products or for credit towards purchases as part of a stock-balancing program. These returns are subject to certain limitations provided for in the contract between us and the corresponding distributor/retailer. Under certain circumstances, including for example the expiration of a given contract or the discovery that a given product is defective, distributors and bookstores may be eligible to receive a cash refund if returns exceed amounts owed. Returns from sales made directly to consumers are accepted within 45 days of purchase and involve a cash refund. Product returns, price protections or price concessions that exceed our reserves could materially adversely affect our business and operating results and could increase the magnitude of quarterly fluctuations in our operating and financial results.

In general, price protection programs insure retail customers a refund of a portion of their purchase price to the extent the product they have purchased drops in price within a given time frame following their purchase. In general, price protection reduces customers' anxieties in connection with a purchase decision associated with a concern that they might obtain a better price if they were to wait than if they were to act immediately. Although we have historically employed price protection programs in connection with many of our product promotions, we do not anticipate implementing a price protection program in the near future.

Software products are sold separately, without an obligation of future performance such as upgrades, enhancements or additional software products, and are sold with postcontract customer support services such as customer service and technical support assistance. In connection with the sale of certain products, we provide a limited amount of free technical support assistance to our 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.

Shipping and handling costs in connection with our software products are expensed as incurred and included in cost of sales.

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| Revenues for Three Months Ending March 31 | 2007 | % to Sales | 2006 | % to Sales | Change | % |
|--|---------------------|-----------------------|--------------|-----------------------|---------------|----------|
| Gross revenues | \$ 1,270,004 | 100% | \$ 1,182,071 | 100% | \$ 87,933 | 7% |
| Add rebate reserve adjustment | 1,190 | 0% | --- | 0% | 1,190 | 0% |
| Less reserve for sales returns and allowances | (115,701) | 9% | (83,280) | 7% | (32,421) | 39% |
| Net revenues | \$ 1,155,493 | 91% | \$ 1,098,791 | 93% | \$ 56,702 | 5% |

Gross revenues increased approximately \$88,000 from approximately \$1,182,000 for the three months ended March 31, 2006 to approximately \$1,270,000 for the three months ended March 31, 2007. We believe that this increase was primarily attributable to the liquidation sales of our QuickVerse® 2006 product line, the QuickVerse® 2007 Macintosh release, as well as our Membership Plus® 2007 product line, for which pent-up demand following an eight month delay is believed to have significantly spurred sales. During the three months ended March 31, 2006 and 2007, the following products were released, respectively:

First Quarter 2006

QuickVerse® 2006 Parable Edition, with a suggested retail price of \$49.95; and
QuickVerse® 2006 Bible Suite, with a suggested retail price of \$29.95.

First Quarter 2007

an enhanced version of our QuickVerse® Macintosh product, including QuickVerse® 2007 Macintosh White Edition, with a suggested retail price of \$59.95, QuickVerse® 2007 Macintosh Black Edition, with a suggested retail price of \$129.95 and QuickVerse® 2007 Macintosh Gold Edition, with a suggested retail price of \$349.95; and
the Nelson Reference Collection® for QuickVerse® (Windows) users, with a suggested retail price of \$129.95.

During each of the three months ended March 31, 2006 and 2007, our sales efforts were focused on directly targeting end-users through telemarketing and Internet sales. However, due to increased frequency and consistency in our development schedule, and 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. Although there can be no assurance, we anticipate, however, that our revenues will continue to increase in the future at rates generally consistent with our industry sector as we continue to expand the content available for our QuickVerse® products, develop new products for multiple platforms, and offer our products at a range of price points intended to appeal to various market sub-segments.

Sales returns and allowances increased approximately \$33,000 from approximately \$83,000 for the three months ended March 31, 2006 to approximately \$116,000 for the three months ended March 31, 2007. As a percentage of

gross revenues, sales returns and allowances also increased from approximately 7% for the three months ended March 31, 2006 to approximately 9% for the three months ended March 31, 2007. Typically, sales returns and allowances trend upward after a new product is released as distributors and retail stores return old product in exchange for the new product release. For the three months ended March 31, 2007, we experienced an increase in sales returns and allowances due to Membership Plus® 2007 shipping in mid October 2006. Further, sales returns and allowances for the three months ended March 31, 2006 reflect fewer returns of Membership Plus® 2005 (released in the first quarter 2005), presumably due to the extended timeline between the releases of these annual Membership Plus® editions.

We expect to release enhanced versions of our biggest-selling products on an annual basis generally going forward, and anticipate sales returns and allowances as a percentage of gross revenues 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.

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Table of Contents*Cost of Sales*

| Cost of Sales for Three Months Ending March 31 | 2007 | % to Sales | 2006 | % to Sales | Change | % |
|---|-------------------|-----------------------|-------------|-----------------------|---------------|----------|
| Direct costs | \$ 138,943 | 11% | \$ 139,634 | 12% | \$ (691) | 0% |
| Less reserve for sales returns and allowances | (17,265) | 1% | (12,420) | 1% | (4,845) | 39% |
| Amortization of software development costs | 107,419 | 8% | 184,128 | 16% | (76,709) | 42% |
| Royalties | 182,800 | 14% | 106,745 | 9% | 76,055 | 71% |
| Freight-out | 55,415 | 4% | 30,996 | 3% | 24,419 | 79% |
| Fulfillment | 28,046 | 2% | 35,385 | 3% | (7,339) | 21% |
| Cost of sales | \$ 495,358 | 39% | \$ 484,468 | 41% | \$ 10,890 | 2% |

Cost of sales consists primarily of direct costs, amortized software development costs, non-capitalized technical support wages, royalties paid to third party providers of intellectual property and the costs associated with reproducing, packaging, fulfilling and shipping our products. Exclusive of third-party royalties paid, our cost of sales decreased approximately \$65,000 from approximately \$378,000 for the three months ended March 31, 2006 to approximately \$313,000 for the three months ended March 31, 2007, and decreased as a percentage of gross revenues approximately 7% for the three months ended March 31, 2007. The overall decrease is predominantly attributable to decreased amortization of software development costs, which decreased approximately \$77,000 from approximately \$184,000 for the three months ended March 31, 2006 to approximately \$107,000 for the three months ended March 31, 2007. The amortization recognized during the three months ended March 31, 2007 resulted from several new software releases in 2005, 2006 and 2007 including:

QuickVerse® 2006 Macintosh (released June 2005),
 Sermon Builder® 4.0 (released June 2005),
 QuickVerse® 2006 Windows (released September 2005),
 Membership Plus® 2007 (released October 2006),
 QuickVerse® 2007 Windows (released August 2006),
 QuickVerse® 2007 Mobile (released December 2006) and
 QuickVerse® 2007 Macintosh (released March 2007).

Comparatively, during the three months ended March 31, 2006, the amortization recognized resulted from:

Membership Plus® 2005 (released February 2005),
 QuickVerse® 2006 Macintosh (released June 2005),
 Sermon Builder® 4.0 (released June 2005),
 QuickVerse® 2006 Windows (released September 2005),
 QuickVerse® 2006 Mobile (released October 2005) and
 QuickVerse® 2006 Bible Suite (released March 2006).

The increased number of product upgrades and product releases during the fiscal year 2005 led to the increased amount of amortization for the three months ended March 31, 2006.

On a percentage basis, we anticipate that direct costs and manufacturing overhead will remain relatively stable as we continue to keep pace with a more intensive development schedule than we had generally maintained in the past.

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Fulfillment costs decreased approximately \$7,000 from approximately \$35,000 for the three months ended March 31, 2006 to approximately \$28,000 for the three months ended March 31, 2007. This decrease is a direct result of our deliberate initiatives to begin the process of decreasing our reliance on a third-party warehouse as we move towards our eventual goal of operating our own fulfillment center.

Freight costs increased approximately \$24,000 from approximately \$31,000 for the three months ended March 31, 2006 to approximately \$55,000 for the three months ended March 31, 2007. This increase resulted from the overall increase in retail sales, which carry higher shipping costs for us than direct and/or upgrade sales, coupled with escalating per unit freight costs attributable to industry-wide rising fuel costs.

Royalties accrued to third party providers of intellectual property increased approximately \$76,000 from approximately \$107,000 for the three months ended March 31, 2006 to approximately \$183,000 for the three months ended March 31, 2007, and increased approximately 5% as a percentage of gross revenues for the three months ended March 31, 2007. The percentage increase reflects the following:

A year over year increase in year-end liquidation sales of prior year editions of QuickVerse®; an overall increase in retail sales due to the release of the Membership Plus® 2007 product line, as well as the release of QuickVerse® 2007 Macintosh; and an overall decrease in upgrade sales of QuickVerse®, which, based on our content license agreements, carry less burdensome royalty obligations than corresponding new product editions and/or versions.

Our royalty accruals are expected to increase in the future in real terms as sales to new users 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.

Software development costs are expensed as incurred as research and development until technological feasibility and marketability have been established, at which time development costs are capitalized until the software title is available for general release to customers. Software development is segregated by title and technology platform. Once a product has been successfully released, subsequent revisions and upgrades are deemed to constitute development, and, accordingly, the costs of the revision and upgrade are capitalized. Capitalized costs are amortized on a product-by-product basis using the greater of (i) straight-line amortization over the estimated life of the product, or (ii) the ratio of current revenues from the product to the total projected revenue over the life of the product. Generally, we consider technological feasibility to have been established with the release of a “beta” version for testing.

Our software development costs for the three months ended March 31, 2007 and 2006 are summarized in the table below. These costs, consisting primarily of direct and indirect labor and related overhead charges, and capitalized during the three months ended March 31, 2007 and 2006, were approximately \$110,000 and approximately \$63,000, respectively. Accumulated amortization of these development costs, included in cost of sales, totaled approximately \$107,000 and approximately \$184,000 for the three months ended March 31, 2007 and 2006, respectively. The relative increase in capitalized costs reflects an increase in the number of development projects for the three months ended March 31, 2007, while the relative decrease in amortization reflects the overall reduction in the number of products released during the year ended December 31, 2006.

| Software Development Costs For Three Months Ending December 31 | | |
|---|-------------------|-------------|
| | 2007 | 2006 |
| Beginning balance | \$ 491,695 | \$ 707,067 |

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| | | |
|---|-------------------|------------|
| Capitalized | 109,705 | 63,231 |
| Amortized (cost of sales) | 107,419 | 184,128 |
| Ending balance | \$ 493,981 | \$ 586,170 |
| Research and development expense (General and administrative) | \$ 29,581 | \$ 52,232 |

We expect our cost of sales in real terms to increase over time consistent with anticipated increases in revenues due to aggressive product development and release schedules.

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Table of Contents*Sales, General and Administrative*

| Sales, General and Administrative Costs for Three Months Ending March 31 | 2007 | % to Sales | 2006 | % to Sales | Change | % |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|------------|
| Selected expenses: | | | | | | |
| Commissions | \$ 61,186 | 5% | \$ 60,365 | 5% | \$ 821 | 1% |
| Advertising and direct marketing | 55,519 | 4% | 38,246 | 3% | 17,273 | 45% |
| Sales and marketing wages, reclassified | 73,999 | 6% | 92,313 | 8% | (18,314) | 20% |
| Total sales and marketing | \$ 190,704 | 15% | \$ 190,924 | 16% | \$ (220) | 0% |
| Research and development | 29,581 | 2% | 52,232 | 4% | (22,651) | 43% |
| Personnel costs | 164,404 | 13% | 216,837 | 18% | (52,433) | 24% |
| Legal | 5,839 | 0% | 24,499 | 2% | (18,660) | 76% |
| Accounting | 32,403 | 3% | 34,423 | 3% | (2,020) | 6% |
| Rent | 22,044 | 2% | 23,925 | 2% | (1,881) | 8% |
| Telecommunications | 6,006 | 0% | 10,547 | 1% | (4,541) | 43% |
| Corporate services | 5,000 | 0% | 18,000 | 2% | (13,000) | 72% |
| Investor services | 8,125 | 1% | --- | 0% | 8,125 | 0% |
| Other general and administrative costs | 71,926 | 6% | 92,923 | 8% | (20,997) | 23% |
| Total general and administrative | \$ 345,328 | 27% | \$ 473,386 | 40% | \$ (128,058) | 27% |
| Total sales, marketing, general and administrative | \$ 536,032 | 42% | \$ 664,310 | 56% | \$ (128,278) | 19% |

As gross revenues increased approximately \$88,000 from our three months ended March 31, 2006 to our three months ended March 31, 2007, total sales, general and administrative costs decreased approximately \$128,000 from approximately \$664,000 for the three months ended March 31, 2006 to approximately \$536,000 for the three months ended March 31, 2007. Of the total sales, general and administrative costs, sales and marketing expenses remained steady at approximately \$191,000 for the three months ended March 31, 2006 and March 31, 2007. Included in sales expenses, advertising and direct marketing costs increased approximately \$17,000 from approximately \$38,000 for the three months ended March 31, 2006 to approximately \$55,000 for the three months ended March 31, 2007, and increased as a percentage of gross revenues from approximately 3% to approximately 4% for the three months ended March 31, 2006 and 2007, respectively. This increase is mainly attributable to the Membership Plus® 2007 and QuickVerse® 2007 Macintosh product releases. We anticipate advertising and direct marketing costs to increase in future periods as we continue to enhance our product visibility online, increase and focus more on our direct marketing efforts, and increase the scope and frequency of our print advertising campaigns in order to maximize sales associated with new products and product enhancements.

Wages associated with our sales team and marketing team have been reclassified and are included in the total sales and marketing costs. The reclassified sales and marketing wages decreased approximately \$18,000 from approximately \$92,000 for the three months ended March 31, 2006 to approximately \$74,000 for the three months

ended March 31, 2007. This decrease is attributable to the streamlining of our CBA sales team. We expect the sales and marketing wages to increase in future periods as we expand our in-house direct telemarketing sales team as well as our other marketing and related personnel.

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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). Software development costs related to third-party developers and direct labor expensed as research and development (see table above) amounted to approximately \$52,000 for the three months ended March 31, 2006 compared to approximately \$29,000 for the three months ended March 31, 2007. The decrease in 2007 reflects an increase in research and development costs that were capitalized for the three months ended March 31, 2007 as compared to the three months ended March 31, 2006. Research and development expenses are expected to increase in future periods as we continue to expand our internal development team, add new products and product versions, and as we continue to expand the amount of content made available to our QuickVerse® users.

The capitalization of direct and indirect labor and related overhead charges as software development costs (see “Cost of Sales” above) increased by approximately \$30,000 from approximately \$47,000 for the three months ended March 31, 2006 to approximately \$77,000 for the three months ended March 31, 2007. This increase reflects the increased amount of development projects for the three months ended March 31, 2007. It is anticipated that personnel costs will continue to increase in future periods as operating capital is available and deployed to further fund the staffing requirements of our product development, direct sales teams and marketing staff.

Total net personnel costs decreased approximately \$52,000, from approximately \$217,000 for the three months ended March 31, 2006, to approximately \$165,000 for the three months ended March 31, 2007. In addition, gross direct salaries and wages, before adjustment of capitalized wages and reclassifications (see prior paragraph), decreased approximately \$32,000, from approximately \$371,000 to approximately \$339,000, over the same period. The decrease in direct salaries and wages was a result of streamlining our CBA sales team as well as the loss of our marketing manager. Further, as a percentage of gross revenues, direct salaries and wages decreased approximately 7% from approximately 34% for the three months ended March 31, 2006 to approximately 27% for the three months ended March 31, 2007. We do anticipate direct salaries and wages to increase in the future given our continued focus on expanding our direct telemarketing sales team, marketing staff and product development staff.

As a result of having restructured our health benefits plans in October 2006, our employment-related healthcare costs decreased approximately \$7,000 from approximately \$32,000 for the three months ended March 31, 2006 to approximately \$25,000 for the three months ended March 31, 2007. In July 2005, we initiated a Simple IRA retirement plan for our employees and for those who participated we chose to match up to 3% of the employee’s annual gross pay. We anticipate that our costs related to this benefit will increase in future periods as more employees take advantage of the retirement plan.

Direct legal costs decreased approximately \$19,000 for the three months ended March 31, 2007 as a result of our having concluded certain ongoing registration and related securities matters in February 2006. It is anticipated that legal costs will fluctuate in future periods in direct relation to the level of our capital-raising initiatives, acquisition and/or divestiture-related initiatives, and other transactional activity.

Accounting and audit related expenses decreased by approximately \$2,000 for the three months ended March 31, 2007. This increase is attributable principally to our having completed the process associated with a change in auditors which necessitated the concurrent engagement of two auditing firms during the transition period, not just one. It is anticipated that accounting costs will continue at these levels as we utilize the same principal accounting firm on an ongoing basis.

Rent costs decreased approximately \$2,000 for the three months ended March 31, 2007 as a result of periodic provisions for commercial and maintenance expenses in our lease agreements. In accordance with periodic lease

escalations, rent cost will increase in the future for each of our primary office facility as well as our new warehouse facility. We believe that, over time, however, use of the warehouse facility will allow us to cease our dependency on a third-party to fulfill our retail product sales, which, in turn, will provide us with cost savings that will potentially enhance our gross margin. In addition to our primary office facility and our new warehouse, we also maintain a lease on certain office space in Naperville, Illinois.

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Telecommunications-related costs decreased approximately \$5,000 for the three months ended March 31, 2007 as a result of qualifying for a lower rate with our local and long-distance carriers upon the renewal of our service agreement. In general, we anticipate our telecommunications-related costs to increase in the future consistent on a percentage basis with overall revenue growth.

Corporate service fees decreased approximately \$13,000 for the three months ended March 31, 2007 resulting from the expiration of an independent consulting agreement. However, we expect consulting-related expenses to increase in future periods based on our having engaged the services of another independent consultant who began performing business development related advisory services for us in March 2007 and who is expected to continue providing such services through February 2008.

Finally, investor services fees increased approximately \$8,000 for the three months ended March 31, 2007 as we entered into an investor relations service agreement in April 2006. These fees are related to the hiring of an investor relations firm and the expense for the issuance of a total of 250,000 restricted shares of common stock allocated over the term of the investor relations contract. We anticipate fees payable to this service provider to materially increase in future periods.

Registration Rights Penalties

Through March 31, 2006, and in connection with a 2004 private placement transaction, we had accrued a total of approximately \$486,000 in registration rights penalties, \$150,000 of which we had paid as of April 7, 2006, and the balance of which was reduced to a two-year promissory note. The note agreement called for monthly installments through May 2007 of \$10,000 and \$20,000 per month thereafter. In the aggregate, the accrual of, and the payments made in connection with, the registration rights penalties have had a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations. The results of operations for the three months ended March 31, 2006 include an increase in our net loss of approximately \$49,000.

Derivatives

In May 2004, we issued a three-year warrant to purchase up to 600,000 shares of our common stock to a consultant. This warrant may be exercised on a cashless basis at the option of the holder at a price per share of \$0.15. In November 2004, we issued two five-year warrants to purchase an aggregate of 21,875,000 shares of our common stock in connection with a certain private placement transaction. The first warrant entitles the holder to purchase up to 10,937,500 shares of our common stock at a price of \$0.18 per share, and the second warrant entitles the holder to purchase up to 10,937,500 additional shares of our common stock at a price of \$0.60 per share. Each warrant is subject to standard adjustment provisions and each provides for settlement in registered shares of our common stock and may, at the option of the holder, be settled in a cashless, net-share settlement.

These warrants have been 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*. In accordance with the accounting mandate, the derivative liability associated with these warrants has been, and shall continue to be, until each is either fully exercised or expires, adjusted to fair value at each balance sheet date and is accordingly reassessed at each such time to determine whether the warrants should be classified (or reclassified, as appropriate) as a liability or as equity. Under EITF 00-19, a decrease in our stock price results in a decrease in the fair value of the derivative liability and a valuation gain to be recognized in our income statement whereas an increase in our stock price results in an increase in the fair value of the derivative liability and a valuation loss to be recognized in our income statement. At March 31, 2007 and 2006, the fair value of the derivative liability was approximately \$500,000 and \$2,671,000, respectively, and a fair value adjustment of approximately \$27,000 has been included in other income for the three months ended March 31, 2007 and a fair value adjustment of approximately \$609,000 has been included in other

expenses for the three months ended March 31, 2006. If the market trading price of our stock rises, it could potentially have a materially adverse effect on our derivative liability.

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Table of Contents***Amortization***

Amortization expenses remained steady at approximately \$133,000 for the three months ended March 31, 2007 and 2006. 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”) is being amortized over a 10 year useful life and will have been fully amortized by the close of the year ending December 31, 2009. Amortization expense for 2007 and 2006 reflect the continual amortization of the 1999 license, as well as the amortization of our website, www.quickverse.com, the most recent version of which we launched during the second quarter of 2004.

Income Tax Benefits

Our effective tax rate differs from the statutory federal rate due to differences between income and expense recognition prescribed by the Internal Revenue Code and Generally Accepted Accounting Principles. We utilize different methods and useful lives for depreciating property and equipment. Changes in estimates (reserves) are recognized as expense for financial reporting but are not deductible for income tax purposes.

We have recognized a net deferred tax asset whose realization depends on generating future taxable income. At March 31, 2007, management adjusted the amount of valuation allowance based on the assessment that we will produce sufficient income in the future to realize our net deferred tax asset. The resulting deferred tax liability reflects income taxes payable in future periods on the net deductible differences related to the 1999 license. We currently have net operating loss carryforwards, for federal income tax purposes, of approximately \$9,052,000. These carryforwards are the result of income tax losses generated in 2000 (\$2,086,000 expiring in 2020), 2001 (\$5,191,000 expiring in 2021), 2002 (\$235,000 expiring in 2022), 2005 (\$956,000 expiring in 2025), and 2006 (\$584,000 expiring in 2026). We will need to achieve a minimum annual taxable income, before deduction of operating loss carryforwards, of approximately \$486,000 to fully utilize the current loss carryforwards. Although there can be no assurance, we expect the deductible temporary differences (reserves) to reverse sometime beyond the next fiscal year.

Liquidity And Capital Resources

Our primary needs for liquidity and capital resources are the funding of our continued operations, which includes the ongoing internal development of new products, expansion and upgrade of existing products, and marketing and sales. Although there can be no assurance, we believe cash generated through our continuing operations will be at least minimally sufficient to sustain our operations, albeit with very limited growth. However, our pursuit of an aggressive growth plan, whether based on internally developed products or strategic product line acquisitions and/or licensing opportunities will likely require funding from outside sources or the divestiture of one or more existing product lines. Funding from outside sources may include but is not limited to the exercise of outstanding warrants and 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 including software development.

| Working Capital at March 31 | 2007 |
|------------------------------------|--------------|
| Current assets | \$ 787,871 |
| Current liabilities | \$ 2,463,014 |
| Retained deficit | \$ 7,104,078 |

As of March 31, 2007, we had approximately \$788,000 in current assets and approximately \$2,463,000 in current liabilities. While liquidity remains an ongoing concern for us, and while there can be no continuing assurance, given the combined facts that (i) a substantial portion of our net sales - 53% of which we collected during our last fiscal year

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), and (ii) our derivative liability is an item that does not necessitate actual cash payout, the situation suggested by our notably and consistently low ratio of our current assets to current liabilities has historically been manageable.

As of March 31, 2007, we had a retained deficit of approximately \$7,104,000. We had a loss before income taxes of approximately \$9,000 and a net loss after income taxes of approximately \$6,000 for the three months ended March 31, 2007. For the three months ended March 31, 2007, we had a gain of approximately \$27,000 from the fair value adjustment of derivatives. See "Results Of Operations" above.

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| Cash Flows for Three Months Ending March 31 | | | | |
|--|---------------------|-------------|-------------|--------|
| | 2007 | 2006 | Change | % |
| Cash flows provided by operating activities | \$ 192,564 | \$ 6,878 | \$ 185,686 | 2,700% |
| Cash flows (used) by investing activities | \$ (154,273) | \$ (70,573) | \$ (83,700) | 119% |
| Cash flows (used) by financing activities | \$ (32,469) | \$ (2,197) | \$ (30,272) | 1,378% |

Net cash provided by operating activities was approximately \$193,000 for the three months ended March 31, 2007, and approximately \$7,000 for the three months ended March 31, 2006. The increase was primarily due to a short-term relative imbalance in payments made to content providers as compared to receivables collected.

Net cash used in investing activities was approximately \$154,000 for the three months ended March 31, 2007 and approximately \$71,000 for the three months ended March 31, 2006. The increase was mainly the result of our having capitalized more costs associated with software development. Further, during the three months ended March 31, 2007, our merchant banker held \$40,000 cash in reserve to allow for a potential increase in credit card chargebacks from increased consumer purchases during the fourth quarter of 2006.

Net cash used by financing activities was approximately \$32,000 for the three months ended March 31, 2007, and approximately \$2,000 for the three months ended March 31, 2006. The increase was due to an increase in payments made on long-term notes payable.

Finally, as a positive note, we were able to remain cash positive of approximately \$6,000 for the three months ended March 31, 2007 compared to a cash deficit of approximately \$66,000 for the three months ended March 31, 2006, despite our merchant banker holding \$40,000 cash in reserve to allow for a potential increase in credit card chargebacks from increased consumer purchases during the fourth quarter of 2006.

Financing

We have been unsuccessful in previous attempts 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, as we have chosen this option in previous years.

Contractual Liabilities

We currently lease office space/warehouse facilities in Omaha, Nebraska under an operating lease with a third-party with terms extending through May 2007. We are responsible for all taxes, insurance and utility expenses associated with this lease. There is no lease renewal option contained in the lease. In May 2007, we secured a new operating lease with a third-party for our corporate office facility in Omaha, Nebraska with terms extending through May 2012. We also secured a new operating lease with a third-party for a warehouse facility in Omaha, Nebraska with terms extending through June 2010. We are responsible for all taxes, insurance and utility expenses associated with these two new operating leases.

We lease office space in Naperville, Illinois under an operating lease with a third-party with terms extending through March 2009. We are responsible for all insurance expenses associated with this lease.

At March 31, 2007, the future minimum rental payments required under these leases are as follows:

| | |
|--------------------------------------|------------|
| 2007 | \$ 64,169 |
| 2008 | 90,034 |
| 2009 | 78,993 |
| 2010 | 63,883 |
| 2011 | 54,339 |
| 2012 | 23,335 |
| Total future minimum rental payments | \$ 374,753 |

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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. Minimum future lease payments under capital leases as of March 31, 2007 for each of the next three years and in the aggregate are:

| | |
|------------------------------|-----------|
| 2007 | \$ 10,295 |
| 2008 | 13,726 |
| 2009 | 12,582 |
| Total minimum lease payments | \$ 36,603 |

ITEM 3. CONTROLS AND PROCEDURES.**(a) Formation of Disclosure Controls and Procedures Officer Committee**

Our Disclosure Controls and Procedures Officer Committee (the “Disclosure Policy Committee”) was formed in September 2002 and reports directly to our Chief Executive Officer and Chief Financial Officer. The Disclosure Policy Committee has implemented disclosure controls and procedures that meet the standards established by Rule 13a-15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Disclosure Controls and Procedures

The Disclosure Policy Committee is primarily responsible for establishing and maintaining disclosure controls and procedures designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported in a timely manner as specified in the rules and forms set forth by the SEC and that the information required to be disclosed in our reports is accumulated and communicated to our management, including our principal executive and principal financial officers, or other persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Evaluation of Disclosure Controls and Procedures and Annual Report on Internal Control over Financial Reporting

The Disclosure Policy Committee meets quarterly within one week of the last day of the period in which a given report is due. Members provide information that is documented in the Quarterly Control and Procedures Report for the period in which a quarterly 10-QSB or annual 10-KSB report is due. This report contains attestations and documentation in regard to the following:

- the fact that disclosure controls and procedures have been reviewed as of the end of the period covered by a given report;
- any concerns regarding weaknesses in disclosure controls and procedures;
- any concerns relating to events that may require disclosure;
- any concerns relating to internal fraud/defalcation;
- potential material losses;
- new off-balance sheet arrangements; and
- material amounts not reflected on the general ledger.

The Quarterly Control and Procedures Report is completed, signed and presented to the CEO and CFO prior to completion of the first draft of each 10-QSB and 10-KSB. Because material issues may occur between regularly scheduled quarterly meetings, this report is to be generated by the disclosure policy appropriate officers at any time warranted. The CEO and CFO will consult with our Disclosure Policy Committee to determine any action that is

necessary.

Our CEO and CFO have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the fiscal quarter covered by this quarterly report on Form 10-QSB. Based on this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the requisite time periods.

During the course of their evaluation our CEO and CFO did not discover any fraud involving management or any other personnel who play a significant role in our disclosure controls and procedures. Furthermore, because there were no significant deficiencies and/or material weaknesses discovered no remedial measures were necessary or taken during the period covered by this report to correct any such deficiencies.

(c) Changes in Internal Control over Financial Reporting

No changes in our disclosure controls and procedures, internal control over financial reporting or other factors have occurred during the fiscal quarter covered by this report that would materially affect or be reasonably likely to materially affect our disclosure controls and procedures or internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

As of the date of this quarterly report on Form 10-QSB for the period ended March 31, 2007, there were no 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. Moreover, there can be no assurance that our insurance coverage will prove adequate to cover all liabilities arising out of any claims that may be initiated against us in the future. Any finding of liability imposed against us coupled with a lack of corresponding insurance coverage is likely to have an adverse effect on our business, our financial condition, and including liquidity and profitability, and our results of operations.

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

There were no reportable events under this Item 2 during the quarterly period ended March 31, 2007.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

There were no reportable events under this Item 3 during the quarterly period ended March 31, 2007.

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 March 31, 2007.

ITEM 5. OTHER INFORMATION.

Our Annual Meeting of the Stockholders of Findex.com, Inc., previously scheduled to be held on May 4, 2007, has been rescheduled for September 21, 2007.

There were no reportable events under this Item 5 during the quarterly period ended March 31, 2007.

ITEM 6. EXHIBITS.

No. Description of Exhibit

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.

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.

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- 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.

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.

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- 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 10.25 on Form 10-KSB filed April 17, 2007.
- 31.1 Certification of Findex.com, Inc. Chief Executive Officer, Steven Malone, required by Rule 13a-14(a) or Rule 15d-14(a), and dated May 21, 2007. FILED HEREWITH.
- 31.2 Certification of Findex.com, Inc. Chief Financial Officer, Kirk R. Rowland, required by Rule 13a-14(a) or Rule 15d-14(a), and dated May 21, 2007. FILED HEREWITH.
- 32.1 Certification of Findex.com, Inc. Chief Executive Officer, Steven Malone, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), and dated May 21, 2007. FILED HEREWITH.
- 32.2 Certification of Findex.com, Inc. Chief Financial Officer, Kirk R. Rowland, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), and dated May 21, 2007. FILED HEREWITH.

Signatures

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**FINDEX.COM,
INC.**

Date: By/s/ Steven
May 21, Malone
2007

Steven Malone
President and
Chief Executive
Officer

Date: By/s/ Kirk R.
May 21, Rowland
2007

Kirk R.
Rowland,
CPA
Chief
Financial
Officer

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