ISSUER DIRECT CORP
Form 10-Q
May 15, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2008

or

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

For the transition period from: _____________ to _____________

ISSUER DIRECT CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**1-10185**	**74-2418590**
(State or Other Jurisdiction	(Commission	(I.R.S. Employer

of Incorporation)	File Number)	Identification No.)

201 Shannon Oaks Circle Suite 105, Cary North Carolina 27511

(Address of Principal Executive Office) (Zip Code)

(919) 481-4000

(Registrant s telephone number, including area code)

N/A

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company ý

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

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

17,177,723 common stock was issued and outstanding as on May 4, 2008.

PART I - FINANCIAL INFORMATION

PART II OTHER INFORMATION

PART I FINANCIAL INFORMATION

ITEM 1.

FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS

ISSUER DIRECT CORPORATION

BALANCE SHEETS

AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

		March 31, 2008 (Unaudited)		December 31, 2007 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	$	11,122	$	39,318
Accounts receivable,(net of allowance for doubtful accounts of $11,950 and $11,950, respectively)		198,412		124,954
Security deposit		6,242		7,617
Other current assets		3,549		3,549
Total current assets		219,325		175,438
Furniture, equipment and improvements, (net of accumulated depreciation of $44,679 and $41,835, respectively)		13,494		16,337
Intangible assets, (net of accumulated amortization of $18,000 and $16,000, respectively)		300,195		302,195
Total assets	$	533,014	$	493,970
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	83,275	$	54,705
Other current liabilities		19,287		89,191
Note payable related party		73,525		73,525
Notes payable - other		120,311		121,792
Total current liabilities		296,398		339,213
Total liabilities		296,398		339,213
Stockholders' equity:				

Preferred stock, $1.00 par value, 10,000,000 shares authorized -				
Series A, 60 shares designated, 7 shares issued and outstanding		7		7
Series B, 476,200 shares designated; no shares issued and outstanding.				
Common stock $.01 par value, 25,000,000 shares authorized,				
17,177,723 and 16,235,723 shares issued and outstanding as of 03/31/2008 and 12/31/2007 respectively.		17,176		16,235
Additional paid-in capital		1,123,913		654,455
Treasury stock		(4,236)		(4,236)
Accumulated deficit		(900,244)		(511,704)
Total stockholders' equity		236,616		154,757
Total liabilities and stockholders equity	$	533,014	$	493,970

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

2

ISSUER DIRECT CORPORATION

STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended			
		March 31,		March 31,
		2008		2007
Revenues				
Document conversion	$	181,463	$	48,794
Printing and financial communication		77,413		-
Fulfillment and distribution		33,583		1,100
Other		891		-
Total		293,350		49,894
Cost of services		137,722		4,562
Gross profit		155,628		45,332
Operating costs and expenses				
General and administrative		449,785		10,266
Payroll expenses		61,838		78,037
Depreciation and amortization		4,843		334
Total operating costs and expenses		516,466		88,637
Net operating loss		(360,838)		(43,305)
Other expense:				
Interest expense		(27,702)		(3,294)
Total other expense		(27,702)		(3,294)
Net loss	$	(388,540)	$	(46,599)
Loss per share - basic	$	(0.023)	$	(0.006)
Weighted average number of common shares outstanding - basic		16,887,877		7,391,604

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

3

ISSUER DIRECT CORPORATION

STATEMENTS OF CASHFLOWS

(UNAUDITED)

	Three Months Ended March 31, 2008	2007
Cash flows from operating activities		
Net loss	$ (388,540)	$ (46,599)
Adjustments to reconcile net loss		
to net cash used by operating activities:		
Depreciation and amortization	4,843	334
Stock based expenses	374,399	55,001
Interest expense accrued on related party notes payable		
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(73,458)	(19,870)
Decrease in security deposits	1,375	--
Increase(decrease) in accounts payable	28,570	(1,171)
Increase in accrued expenses	1,096	(1,705)
Increase in deferred revenue	--	6,870
Net cash used by operating activities	(51,715)	(7,140)
Investing activities		
Intangible assets	--	(130,000)
Net cash used by investing activities	--	(130,000)
Financing activities		
Note payable- related party	--	(1,978)
Proceeds from sale of common stock	25,000	--
Proceeds from note payable - other	--	146,978
Payments on notes payable - other	(1,481)	--
Net cash provided by financing activities	23,519	145,000
Net change in cash	(28,196)	7,860
Cash - beginning	39,318	8,401
Cash - ending	$ 11,122	$ 16,261

Supplemental disclosure for non cash investing & financing activities				
Non-cash activities:				
Accrued expenses settled by issuance of shares	$	71,000	$	126,000

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

ISSUER DIRECT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008
(Unaudited)

Note 1.

Description, Background and Basis of Operations

Nature of Operations

Issuer Direct Corporation (the Company or Issuer Direct) was incorporated in the state of Delaware in October 1988 under the name Docucon Inc. Subsequent to the December 13, 2007 merger of My EDGAR, Inc., the Company changed its name to Issuer Direct Corporation. The transaction has been accounted for as a reverse merger; in accordance with SFAS No. 141, Accounting for Business Combinations. My EDGAR was the acquiring entity for accounting purposes. While the transaction was accounted for using the purchase method of accounting, in substance the transaction was a recapitalization of My EDGAR s capital structure.

The surviving company was formed for the purposes of helping companies produce and distribute their financial and business communications both online and in print. As an issuer services focused company, Issuer Direct Corporation operates under several brands in the market, including Elite Financial Press, iProxy Direct, Issuer Logistics, The Edgar Service Bureau / My EDGAR, Bassett Press, Edgarization, Shareholder Direct, and Audit Ready. The Company leverages its securities compliance and regulatory expertise to provide a comprehensive set of services that enhance a client's ability to communicate effectively with its shareholder base while meeting all reporting regulations required.

The unaudited interim balance sheet as of the Company as of March 31, 2008 and statement of operations & cash flows for the three months ended March 31, 2008 and 2007 included herein, have been prepared in accordance with the instructions for Form 10-Q under the Securities Exchange Act of 1934, as amended (the Exchange Act), and Article 10 of Regulation S-X under the Exchange Act. In the opinion of the management, they include all normal recurring adjustments necessary for a fair presentation of the financial statements. Results of operations reported for the interim periods are not necessarily indicative of results for the entire year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements.

Business History of Combinations

On March 1, 2007, we acquired 100% of the interest in Edgarization, LLC, an EDGAR filing company. Under the asset purchase agreement we paid $30,000 in cash at closing, and we entered into a promissory note totaling $100,000 to be paid over 18 months, herein disclosed in Note 3 of the financial statements.

On July 2, 2007, we acquired 100% of the interest in Bassett Press, Inc.(Bassett Press), a financial printing company, for $107,000 in cash and 300,000 shares of the Company s common stock. The merger agreement also called for us to assume other certain obligations totaling $64,533 over 24 months, herein disclosed in Note 3 of the financial statements.

Both the asset purchase agreement with Edgarization, LLC., and acquisition with Bassett Press Inc., were completed to increase the reach in the market and number of customers served to bring us closer to profitability.

We accounted for the acquisition using the purchase method of accounting in accordance with SFAS No. 141, Business Combinations. Our results of operations for the three months ended March 31, 2007 include the activities for My Edgar only since Bassett Press was not acquired until July 2, 2007.

Going Concern

The Company has incurred losses since inception and has a working capital deficit of $77,073 and an accumulated deficit of $900,244 at March 31, 2008, which raises substantial doubt about its ability to continue as a going concern. The Company has funded its operations and marketing efforts since inception through the issuance of debt and equity securities. In order to continue execution of the business plan, increase marketing efforts and achieve profitable operations, management anticipates a need for additional financing. Management s plans for funding future operations primarily include the sale of debt and equity securities. The Company s failure to raise additional funds under its plan would unfavorably impact its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty, including the Company s inability to realize the carrying value of assets.

Note 2.

Summary of Significant Accounting Policies

The consolidated financial statements include in this report are for the period ended March 31, 2008 and 2007 comparatively.

Cash and Cash Equivalents

The Company has maintained a minimal cash balance with financial institutions that has not exceeded insured limits during the reporting period. The Company has not experienced any losses in such accounts.

Revenue Recognition

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 104, Revenue Recognition, which requires that: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. The Company recognizes revenue when services are rendered or delivered, where collectability is probable. Revenue for completed but unbilled work is recognized based on the Company s historical standard pricing for the type of service and is adjusted to actual when billed.

Earnings per Share

The Company complies with Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share, which requires dual presentation of basic and diluted earnings per share. Basic EPS excludes dilution and is computed by dividing income (loss) available to common stockholders by the weighted-average common shares outstanding for the year. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Since the fully diluted loss per share for 2007 and 2006 was anti-dilutive, basic and diluted loss per share are the same.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables as well as historical collection information. Credit is granted to most customers on an unsecured basis. In determining the amount of the allowance, management is required to make certain estimates and assumptions. As of March 31, 2008, an allowance for doubtful accounts has not changed from December 31, 2007 and remains $11,947.

Use of Estimates

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

Income Taxes

The Company complies with SFAS No. 109, Accounting for Income Taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109", ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in tax positions and requires that a company recognize in its financial statements the impact of a tax position, only if it is more likely than not of being sustained upon examination, based on the technical merits of the position. The Company adopted the provisions of FIN 48 this current fiscal year. As a result of the implementation of FIN 48, the Company recognized no material adjustments to the liability for unrecognized income tax benefits.

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments, which amends SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. SFAS No. 155 permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation and establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or hybrid financial instruments containing embedded derivatives.

In March 2006, the FASB issued SFAS No. 156, Accounting for Servicing of Financial Assets, which amends SFAS No. 140. SFAS No. 156 may be adopted as early as January 1, 2006, for calendar year-end entities, provided that no interim financial statements have been issued. Those not choosing to early adopt are required to apply the provisions as of the beginning of the first fiscal year that begins after September 15, 2006 (e.g., January 1, 2007, for calendar year-end entities). The intention of the new statement is to simplify accounting for separately recognized servicing assets and liabilities, such as those common with mortgage securitization activities, as well as, to simplify efforts to obtain hedge-like accounting. SFAS No. 156 permits a service using derivative financial instruments to report both the derivative financial instrument and related servicing asset or liability by using a consistent measurement attribute or fair value.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment to SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 159 permits entities to measure certain financial assets and financial liabilities at fair value. SFAS No. 159 requires prospective application and is effective for fiscal years beginning after November 15, 2007. The Company does not expect the adoption to have a material effect on our results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations . This standard establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. This statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. This Statement is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. The Company will adopt this standard during the first quarter of 2009 and is currently evaluating the impact this standard will have on its financial statements.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 which applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. The statement is effective for annual periods beginning after December 15, 2008. The management is currently evaluating the effect of this pronouncement on financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133, (SFAS 161) as amended and interpreted, which requires enhanced disclosures about an entity s derivative and hedging activities and thereby improves the transparency of financial reporting. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format provides a more complete picture of the location in an entity s financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Early adoption is permitted. The management is currently evaluating the effect of this pronouncement on financial statements.

Note 3:

Notes payable

As of March 31, 2008, the Company had total remaining obligations of $120,311 in two unsecured notes payable to the following:

Note payable- other		**March 31, 2008**	**December 31, 2007**
Unsecured Note Payable in connection with the July 2, 2007 acquisition of Bassett Press, with interest of 8% due and payable monthly, with a balloon payment of $25,000 due on July 2, 2009. The note is in default as of March 31, 2008.		63,052	64,534
Unsecured Note Payable in connection with the asset purchase agreement in March 2007, with interest of 8%, due on October 31, 2008. The note is in default as of March 31, 2008.		57,259	57,258
Total notes payable- other	$	120,311	121,792

Note 4:

Notes payable Related Party

As of March 31, 2008, the Company had total remaining obligations of $73,525 in three unsecured related party notes payable to the following:

Note payable- related party:		**March 31, 2008**	**December 31, 2007**
Note Payable with a director of the Company in the amount of $25,000 for various obligations the former company was party to, including former legal counsel, former transfer agent and tax obligations with the state of Delaware. The unsecured note carries interest in the amount of 8% per annum. The note is in default as of March 31, 2008.	$	23,525	23,525
Unsecured Note Payable to a Director of the Company in the amount of $25,000, with interest of 8%, due on receipt by the Company or its designated escrow agent the placement agent funds of an aggregate of 1,000,000 in gross proceeds of the Private Placement.		25,000	25,000
Unsecured Note Payable to a Director of the Company in the amount of $25,000, with interest of 8%, due on receipt by the Company or its designated escrow agent the placement agent funds of an aggregate of 1,000,000 in gross proceeds of the Private Placement.		25,000	25,000
Total notes payable- related party	$	73,525	73,525

Note 5:

Preferred stock and common stock

During the period ended March 31, 2008 the Company released the following shares of its common stock:

	Three months ended March 31, 2008
Outstanding at January 1	16,235,723
Equity issued during period ended March 31	
Issued for services [1]	742,000
Issued for equity [2]	50,000
Issued for employment incentives [3]	150,000
Outstanding at March 31, 2008	17,177,723

1. Shares issued for services to consultants, On February 1, 2008, 450,000 shares were released to a consultant under an agreement entered into on November 1, 2007; these shares were reflective in the company s issued and outstanding for the period ended December 31, 2007. On January 28, 2008 the Company entered into another agreement with a consultant and issued 100,000 shares of the Company s common stock in connection with the agreement. The Company issued 150,000 shares to a consultant a former officer of Bassett Press for services accrued as on December 31, 2007. As on February 5, 2008 Company issued 42,000 shares to the former officers of Docucon for services accrued in 2007. All shares issued in connection with the consultant agreements have been issued as restricted securities as defined under rule 144.

2. 50,000 shares issued in connection with an equity agreement entered February 22, 2008.

3. 150,000 shares issued in connection with an employment agreement to former officer of Bassett Press,

The authorized common stock of the Company consists of 25,000,000 shares with par value of $0.001, 60 shares of Series A preferred stock with a par value of $1.00.

Note 7:

Selected Quarterly Financial Data

Concentrations

For the periods ended March 31, 2008 and 2007, the percentages of the Company s revenues were derived as a percentage as follows:

Revenue Segments	**2008**	**2007**
Compliance and reporting services	61.9 %	97.6 %
Printing and Financial Communications	26.4 %	0 %
Fulfillment and Distribution	11.4 %	2.4 %
Professional services and other	0.3 %	0 %
	100 %	100 %

The Company did not have any one customer account for greater than 10% of the operating revenues of its core services in either the period ended March 31, 2008 and 2007.

The Company believes it did not have any financial instruments that could have potentially subjected itself to significant concentrations of credit risk. Since a portion of the revenues are paid at the beginning of the month via credit card or advance by check, the remaining accounts receivable amounts are generally due within 30 days, none of which is collateralized.

Note 8:

Subsequent Events

On May 15, 2008 the Company filed a preliminary information statement with the Securities and Exchange Commission seeking to increase the number of its authorized common shares from 25,000,000 to 100,000,000.

ITEM 2.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Except for the historical information contained herein, the matters discussed in this Form 10-K include certain forward-looking statements that involve risks and uncertainties, which are intended to be covered by safe harbors. Those statements include, but are not limited to, all statements regarding our and management s intent, belief and expectations, such as statements concerning our future and our operating and growth strategy. We generally use words such as "believe," "may," "could," "will," "intend," "expect," "anticipate," "plan," and similar expressions to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons including our ability to implement our business plan, our ability to raise additional funds and manage our substantial debts, consumer acceptance of our products, our ability to broaden our customer base, our ability to maintain a satisfactory relationship with our suppliers and other risks described in our reports filed with the Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made, and our future results, levels of activity, performance or achievements may not meet these expectations. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, the factors set forth under the Risk Factors section of this report. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. All forward-looking statements made in this Form 10-K is based on information presently available to our management. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law.

Overview

The Company s (we , us , our) results from continuing operations improved from first quarter 2008 compared to same period 2007. For the period ended March 31, 2007, revenue increased 488% to $ 293,350 from $49,894 in 2007. The Company s results of operations for the period ended March 31, 2008 are a direct effect of the increased number of corporate issuers as it relates to the business combination of My EDGAR and Bassett Press as well as sales and marketing efforts in the last two quarters of 2007.

The Company continues to focus on both organic and inorganic acquisitions of complementary businesses that fit our business segments as detailed below:

Results of Operations

Management evaluates the performance of its segments separately to monitor the different factors that could affect its financial results. Although each segment is a relatively new business segment to our Company, it is subject to review and evaluation by our management for such things as current market conditions, market opportunities and available resources.

Management uses segment profit to evaluate the performance of its operating segments. Segment profit is defined as gross margin (revenue less cost of revenue) less selling and administrative expenses. Segment performance is evaluated exclusive of interest, income taxes, depreciation, amortization, certain shared corporate expenses, restructuring, integration and asset impairment charges, purchased in-process research and development, and other expenses and other income. Segment profit is measured because management believes that such information is useful in evaluating the results of certain segments relative to other entities that operate within these industries and to its affiliated segments.

Revenues for the period ended March 31, 2008 increased 488% to $293,350 compared to $49,894 for the same period ended March 31, 2007. Overall gross margin for the period ended 2008 averaged 53% or $155,628.

The Company s actual results may differ substantially from those anticipated in any forward-looking statements included in this discussion as a result of various factors, including those set forth in Risk Factors contained elsewhere in this Current Report.

Comparison of results of operations for the quarter ended March 31, 2008 and 2007:

	Quarter Ended March 31,		
Business Segment information	**2008**	**2007**	**% change**
Revenues			
Compliance and reporting services	$ 181,463	$ 48,794	309%
Print and Financial Communications	77,413	-	100%
Fulfillment and distribution	33,583	1,100	2,953%
Other	891	-	100%
Total	$ 293,350	$ 49,894	488%

For the periods ended March 31, 2008 and 2007, the percentages of the Company s revenues were derived as a percentage as follows:

Revenue Segments	**2008**	**2007**
Compliance and reporting services	61.9 %	97.6 %
Printing and Financial Communications	26.4 %	0 %
Fulfillment and Distribution	11.4 %	2.4 %
Professional services and other	0.3 %	0 %
	100 %	100 %

The Company did not have any one customer account for greater than 10% of the operating revenues of its core services in either the period ended March 31, 2008 and 2007.

Operating Expenses

Sales and Marketing expenses consist primarily of salaries, sales commissions, sales consultants, advertising expenses, and marketing. Sales and marketing expenses for the year ended March 31, 2008 increased $40,079 or 516%, to $47,845, from $7,523 for the three months ended March 31, 2007, primarily due to the expansion of our sales efforts and increase in travel related sales activity.

General and Administrative Expense

General and administrative expenses consist primarily of salaries, insurance, fees for professional services, general corporate expenses and facility and equipment expenses. General and administrative expenses for the year ended March 31, 2008 increased $439,519, or 4,281%, to $449,785 from $10,266 for the three months ended March 31, 2007. The increase was primary due to the costs associated with increased sales and marketing activities.

Liquidity and Capital Resources

Current liabilities as of March 31, 2008, were $296,398, including accounts payable for accounting, legal and general operations of all business segments as compared to $339,213 as of December 31, 2007. At March 31, 2008, the Company s total assets exceeded the total liabilities by $236,617.

2008 Outlook

The following statements and certain statements made elsewhere in this document are based upon current expectations. These statements are forward looking and are subject to factors that could cause actual results to differ materially from those suggested here, including, without limitation, demand for and acceptance of the Company s services, new developments, competition and general economic or market conditions, particularly in the domestic and international capital markets. Our 2008 Outlook does not reflect any additional acquisitions we may complete during the period. Refer also to the Cautionary Statement Concerning Forward Looking Statements included in this report.

The Company s management expects to improve its overall market position through 2008 through our unique offering segments that yield a competitive advantage in the marketplace even though we operate in a competitive sector. As a single source financial printer and services company to issuers and capital markets, we expect to see significant growth through 2008 in our print and financial communications as well as our fulfillment and distribution business segments. We anticipate further consolidation in the marketplace of financial printers and suppliers in 2008, which may result in pricing pressures; however we believe our unique business segments will provide us the opportunity to increase our overall market.

We expect to substantially increase our revenues in our financial printing and communications, as well as our fulfillment and delivery segment as the number of financial communication pieces printed and delivered to shareholders is expected to rise in 2008 over 2007. This includes the notice and access offering that accelerated filers have the option to participate in effective in 2008.

Technological advancements - such as the electronic distribution of documents, online distribution and notice and access programs, as well as our unique print-on-demand technology will impact the markets we serve in 2008 and beyond and create a larger demand for our products and services. Looking forward we have accounted for the possible substitute of traditional printed materials for a more robust electronic delivery and online voting system. To address these longer term industry concerns we have spent considerable amounts of time in specific segments of our business, building brands around Notice and Access, through our Issuer Hub and iProxy Direct systems, coupled with our expedited mail relationship that has created our Issuer Logistics model.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Impairment of Long-Lived Assets:

In May 2008, the FASB issued SFAS 162, The Hierarchy of Generally Accepted Accounting Principles which identifies the sources of accounting principles to be used in the preparation of financial statements of non governmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy).

ITEM 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

None.

ITEM 4.

CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-Q, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were not effective as of March 31, 2008, to ensure that information required to be disclosed in reports that are filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to

There have been no changes in the Company s internal controls over financial reporting that occurred during the quarter ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

Beginning in the fiscal year ended December 31, 2007, we became obligated to establish and maintain adequate internal disclosure controls and procedures. We also became obligated to evaluate, on a quarterly basis, the effectiveness of the Company s internal disclosure controls and procedures, and to disclose the results of those periodic evaluations in the quarterly and annual reports we file under the Exchange Act from that date forward.

We re-evaluated the effectiveness of the Company s internal disclosure controls and procedures as of the date of this report with the participation of Brian R. Balbirnie, who, as of the date of this report, was the Company s Chief Executive Officer, and James M. Learish the Company s President and Chief Accounting Officer, both together the executive officers. Based on that evaluation, we concluded that as of the date of this report, the Company s internal disclosure controls and procedures are not effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it will subsequently file or submit to the SEC will be recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and include, without limitation, controls and procedures designed to provide reasonable assurance that such information is accumulated and communicated to the Company s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

PART II OTHER INFORMATION

ITEM 1.

LEGAL PROCEEDINGS.

From time to time the Company may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of business. We are not currently involved in any legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations.

ITEM 1A.

RISK FACTORS.

There have been no material changes to our risk factors as previously disclosed in our most recent 10-K filing.

ITEM 2.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On February 27, 2008, the Company sold 50,000 shares of its common stock to a new shareholder for $25,000 in cash in transactions that did not involve a public offering. In conducting the sale, the Company relied upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933 and Rule 506 thereunder as the purchasers of such securities were accredited investors. The proceeds from the sale were used for general corporate purposes.

ITEM 3.

DEFAULTS UPON SENIOR SECURITIES.

On March 31, 2008 the Company was in default of certain obligations that accounting for greater than 5% of the company assets at the end of period. The Company management believes the following does not represent a material adverse effect on our business over the fiscal year 2008; Note payable in connection with the acquisition of Bassett Press is in amount of $63,052 is in default as of March 31, 2008 by $2,005, note payable in connection with the acquisition of Edgarization in the amount of $57,259 is in default as of March 31, 2008, $17,557. As of March 31, 2008 the note payable to related party of $23,525 was also in default.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 5.

OTHER INFORMATION.

This quarterly report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subjected to attestation by the Company s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this quarterly report.

ITEM 6.

EXHIBITS.

(a)

Exhibits.

Exhibit

Number

Description

31.1

Certification pursuant of Rule 13a-14(a) Certification of Principal Executive Officer.*

31.2

Certification pursuant of Rule 13a-14(a) Certification of Principal Financial Officer.*

32.1

Certification pursuant to section 1350 Certification of Principal Executive Officer.*

32.2

Certification pursuant to section 1350 Certification of Principal Financial Officer.*

____

* Filed herewith

12

SIGNATURES

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

Date: May 15, 2008

ISSUER DIRECT CORPORATION

By: /s/ BRIAN R. BALBIRNIE
Brian R. Balbirnie
Chief Executive Officer