FINDEX COM INC
Form 10-Q/A
September 13, 2011

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

FORM 10-Q/A

(Mark One)

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

For the quarterly period ended June 30, 2011

OR

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

For the transition period from __________ to __________.

Commission file number: 0-29963

FINDEX.COM, INC.

(Exact name of registrant as specified in its charter)

Nevada	88-0379462
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
18151 Lafayette Avenue, Elkhorn, Nebraska	68022
(Address of principal	(Zip Code)

executive
offices)

(402) 333-1900

(Registrant's telephone number, including area code)

N/A

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

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

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

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

Large accelerated filer [_] Accelerated filer [_]
Non-accelerated filer [_] (Do not check if a smaller reporting company) Smaller reporting company [X]

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

At August 22, 2011, the registrant had outstanding 68,868,930 shares of common stock, of which there is only a single class.

FINDEX.COM, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR FISCAL QUARTER ENDED JUNE 30, 2011

- INDEX -

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 26,492	$ 22,027
Accounts receivable, trade, net	43,165	109,243
Inventories, net	6,024	64,662
Other current assets	30,655	28,417
Other current assets from discontinued operations	44,715	---
Total current assets	151,051	224,349
Property and equipment, net	3,946	7,709
Intangible assets, net	101,669	384,553
Other assets	27,530	53,516
Other assets from discontinued operations	9,083	---
Total assets	$ 293,279	$ 670,127
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Current portion of term debt	$ 69,023	$ 61,265
Accounts payable, trade	439,919	428,723
Accounts payable, related party	58,969	75,786
Accrued royalties	12,924	951,136
Accrued payroll	161,600	110,476
Other current liabilities	172,532	178,118
Other current liabilities from discontinued operations	644,113	---
Total current liabilities	1,559,080	1,805,504
Long-term debt, net	---	---
Deferred income taxes, net	1,300	2,400
Commitments and contingencies (Note 8)		
Stockholders' equity (deficit):		
Preferred stock, $.001 par value 5,000,000 shares authorized -0- and -0- shares issued and outstanding, respectively		
Common stock, $.001 par value 120,000,000 shares authorized, 68,868,930 and 67,349,153 shares issued and outstanding, respectively	68,869	67,349
Paid-in capital	8,017,314	7,988,833
Retained (deficit)	(9,353,284)	(9,193,959)
Total stockholders' equity (deficit)	(1,267,101)	(1,137,777)

Total liabilities and stockholders’ equity (deficit)	$	293,279	$	670,127

See accompanying notes.

F-1

Table of Contents

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

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenues, net of reserves and allowances	$ 24,043	$ 42,539	$ 37,240	$ 94,383
Cost of sales	5,052	13,439	16,570	42,070
Gross profit	18,991	29,100	20,670	52,313
Operating expenses:				
Sales and marketing	10,201	6,624	55,974	80,651
General and administrative	241,770	246,171	450,103	555,640
Impairment expense	217,972	---	217,972	---
Total operating expenses	469,943	252,795	724,049	636,291
Loss from operations	(450,952)	(223,695)	(703,379)	(583,978)
Other income (expenses), net	(4,563)	(3,141)	(9,497)	(7,858)
Gain on debt settlement	368,051	---	368,051	---
Loss from continuing operations before income taxes	(87,464)	(226,836)	(344,825)	(591,836)
Income tax benefit	63,273	---	63,273	---
Loss from continuing operations	$ (24,191)	$ (226,836)	$ (281,552)	$ (591,836)
Discontinued operations (Note 10):				
Income from operations of discontinued component	58,331	75,203	185,498	274,613
Income tax (provision)	(63,273)	---	(63,273)	---
Income (loss) from discontinued operations, net of taxes	(4,942)	75,203	122,225	274,613
Net loss	$ (29,133)	$ (151,633)	$ (159,327)	$ (317,223)
Net earnings (loss) per share - Basic & Diluted:				
Net loss per share from continuing operations	$ 0.00	$ 0.00	$ 0.00	$ (0.01)
Net income (loss) per share from discontinued operations	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Net loss per share	$ 0.00	$ 0.00	$ 0.00	$ (0.01)
Weighted average shares outstanding:				
Weighted average shares used in computing basic and diluted loss per share	68,770,657	59,572,725	68,063,832	59,572,725

See accompanying notes.

F-2

Table of Contents

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

Six Months Ended June 30,		2011		2010
Cash flows from operating activities:				
Cash received from customers	$	713,256	$	947,339
Cash paid to suppliers and employees		(698,909)		(932,116)
Other operating activities, net		(4,898)		(3,814)
Net cash provided by operating activities		9,449		11,409
Cash flows from investing activities:				
Software development costs		---		(63,901)
Other investing activities, net		281		(9,009)
Net cash provided (used) by investing activities		281		(72,910)
Cash flows from financing activities:				
Payments made on term debt		(5,265)		(26,338)
Net cash used by financing activities		(5,265)		(26,338)
Net increase (decrease) in cash and cash equivalents		4,465		(87,839)
Cash and cash equivalents, beginning of year		22,027		138,539
Cash and cash equivalents, end of period	$	26,492	$	50,700
Reconciliation of net loss to cash flows from operating activities:				
Net loss	$	(159,327)	$	(317,223)
Adjustments to reconcile net loss to net cash used by operating activities:				
Software development costs amortized		62,135		122,979
Depreciation & amortization		33,828		44,159
Loss (gain) on sale of property and equipment		388		(75)
(Gain) on debt settlement		(368,051)		---
Loss on impairment expense		217,972		---
Change in assets and liabilities:				
Decrease in accounts receivable		66,078		45,763
Decrease in inventories		15,846		29,934
(Increase) decrease in other current assets		(5,260)		5,245
Increase in accrued royalties		73,952		52,183
(Decrease) increase in accounts payable		(34,405)		22,459
Increase in other liabilities		106,293		5,985
Net cash provided by operating activities	$	9,449	$	11,409

See accompanying notes.

Table of Contents

Findex.com, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for the full year or for any future period. The December 31, 2010 condensed consolidated balance sheet was derived from our audited financial statements at that date. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-K for the year ended December 31, 2010.

DISCONTINUED OPERATIONS

During the second quarter of 2011, we entered into a Software Product Line Purchase Agreement to sell the QuickVerse product line to WORDsearch Corp., L.L.C. As a result, we have classified this asset as discontinued operations at June 30, 2011. See Note 10.

INTANGIBLE ASSETS

In accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") 350-30, General Intangibles Other Than Goodwill, intangible assets with an indefinite useful life are not amortized. Intangible assets with a finite useful life are amortized on the straight-line method over the estimated useful lives, generally three to ten years. All intangible assets are tested for impairment annually during the fourth quarter.

SOFTWARE DEVELOPMENT COSTS

In accordance with ASC 985-20-25, Costs of Software to Be Sold, Leased, or Marketed, software development costs are expensed as incurred until technological feasibility and marketability has been established, generally with release of a beta version for customer testing. Once the point of technological feasibility and marketability is reached, direct production costs (including labor directly associated with the development projects), indirect costs (including allocated fringe benefits, payroll taxes, facilities costs, and management supervision), and other direct costs (including costs of outside consultants, purchased software to be included in the software product being developed, travel expenses, material and supplies, and other direct costs) are capitalized until the product is available for general release to customers. We amortize capitalized costs on a product-by-product basis. Amortization for each period is the greater of the amount computed using (i) the straight-line basis over the estimated product life (generally from 12 to 18 months, but up to 60 months), or (ii) the ratio of current revenues to total projected product revenues. Total cumulative capitalized software development costs were $304,466, less accumulated amortization of $304,466 at June 30, 2011, included in Other assets from discontinued operations.

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. As a result of the decision to sell the QuickVerse product line, we have written down capitalized software development costs associated with the discontinued operations and have recorded an impairment expense of $198,738 at June 30, 2011.

Table of Contents

ASC 730, Research and Development, established accounting and reporting standards for research and development. In accordance with ASC 730-10, costs we incur to enhance our existing products after general release to the public (bug fixes) are expensed in the period they are incurred and included in research and development costs. Research and development costs incurred prior to determination of technological feasibility and marketability and after general release to the public and charged to expense were $103,621 and $95,900 for the six months ended June 30, 2011 and 2010, respectively, included in general and administrative expenses of discontinued operations.

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

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

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

Capitalized costs include those incurred to:

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

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 from continuing and discontinued operations on our condensed consolidated balance sheets, were $118,829, less accumulated amortization of $95,638 at June 30, 2011. As a result of the decision to sell the QuickVerse product line, we have written down capitalized website development costs associated with the discontinued operations and have recorded an impairment expense of $8,179 at June 30, 2011.

EARNINGS PER SHARE

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

Table of Contents

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

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

For the Three Months Ended June 30,	2011	2010
Net loss from continuing operations	$ (24,191)	$ (226,836)
Preferred stock dividends	---	---
Net loss available to common shareholders	$ (24,191)	$ (226,836)