

FINDEX COM INC  
Form 10-K  
April 07, 2010

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

FORM 10-K

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period for \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-29963

FINDEX.COM, INC.

(Exact name of registrant as specified in its charter)

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

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

(402) 333-1900

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(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

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

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

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

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

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

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

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

As of April 7, 2010, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average of the closing bid and asked prices on such date was approximately \$195,000.

APPLICABLE ONLY TO REGISTRANTS 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 REGISTRANTS

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

At April 7, the registrant had outstanding 59,572,725 shares of common stock, of which there is only a single class.

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## PART I

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K, 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-K 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 II, Item 7 of this annual report on Form 10-K, entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and including without limitation the “Risk Factors” section contained in Part I, Item 1A. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this annual report on Form 10-K after the date hereof.

### ITEM 1. BUSINESS.

#### OVERVIEW

We develop, publish, market, and distribute and directly sell consumer and business software products for PC, Macintosh® and Mobile devices. We develop our software products through in-house initiatives supplemented by outside developers. We market and distribute our software products principally through direct marketing and Internet sales programs, but also through retailers and distributors.

#### CORPORATE FORMATION, LEGACY & SUBSIDIARIES

We were incorporated in the State of Nevada on November 7, 1997 as EJH Entertainment, Inc. On December 4, 1997, a predecessor corporation with the same name as our own but domiciled in Idaho was merged with and into us. Although the predecessor Idaho corporation was without material assets or operations as of the time of the merger, since being organized in 1968, it had historically been involved in mining and entertainment businesses unrelated to our current business.

Beginning in 1997, and although we were not then a reporting company under the Securities Exchange Act, our common stock was quoted on the OTC Bulletin Board (originally under the symbol “TIXX”, which was later changed to “TIXXD”). On May 13, 1999, we changed our name to FINdex.com, Inc. On March 7, 2000, in an effort to satisfy a newly imposed NASD Rule eligibility requirement that companies quoted on the OTC Bulletin Board be fully reporting under the Securities Exchange Act (thereby requiring recently audited financial statements) and current in their filing obligations, we acquired, as part of a share exchange in which we issued 150,000 shares of our common stock, all of the outstanding capital stock of Reagan Holdings, Inc., a Delaware corporation. At the time of this transaction, Reagan Holdings was subject to the requirements of having to file reports pursuant to Section 13 of the Securities Exchange Act, had recently audited financial statements and was current in its reporting obligations. Having no operations, employees, revenues or other business plan at the time, however, it was a public

shell company. As a result of this transaction, Reagan Holdings, Inc. became our wholly owned subsidiary and we became the successor issuer to Reagan Holdings for reporting purposes pursuant to Rule 12g-3 of the Securities Exchange Act. Shortly thereafter, we changed our stock symbol to “FIND”. Though it does not currently have any operations, employees, or revenues, Reagan Holdings remains our wholly owned subsidiary.

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In addition to Reagan Holdings, we also have one other wholly owned subsidiary, Findex.com, Inc. (i.e. the same name as our own), a Delaware corporation. Like Reagan Holdings, this entity, too, does not currently have any operations, employees, or revenues. This subsidiary resulted from an acquisition on April 30, 1999 pursuant to which we acquired all of the issued and outstanding capital stock of FINdex Acquisition Corp., a Delaware corporation, from its then stockholders in exchange for 4,700,000 shares of our common stock, which, immediately following the transaction, represented 55% of our total outstanding common stock. Our purpose for this acquisition was to broaden our then-existing stockholder base, an important factor in our effort to develop a strong market for our common stock. On May 12, 1999, in exchange for the issuance of 457,625 shares of FINdex Acquisition Corp. common stock, FINdex.com, Inc., another Delaware corporation (originally incorporated in December 1995 as FinSource, Ltd.), was merged with and into FINdex Acquisition Corp., with FINdex Acquisition Corp. remaining as the surviving entity. Our purpose for this merger was to acquire a proprietary financial information search engine for the Internet which was to serve as the cornerstone for a Web-based development-stage business, but which has since been abandoned. As part of the certificate of merger relating to this transaction, FINdex Acquisition Corp. changed its name to FINdex.com, Inc. We currently own 4,700,000 shares of FINdex.com, Inc. (the Delaware corporation), representing 100% of its total outstanding common stock.

## STRATEGY

We are currently in the early stages of a defining transformative period in our development. In recent years, we have come to be recognized as a consumer desktop software company that serves a demographic defined largely by an interest in Christianity and faith-based “inspirational” values. The nature of our products historically, and the fact that our product lines have not extended materially beyond the boundaries of this affinity group, have fostered this perception. Indeed, as the publisher of one of the industry-leading Bible study desktop software products, QuickVerse®, we are known to many users of that product only as “QuickVerse”, not Findex. While we believe that the QuickVerse® brand has substantial brand recognition, and we greatly value the goodwill that our reputation in this regard has engendered, we also believe that working to expand that reputation into one which is more closely associated with providing high quality branded software and content products generally – and ones that extend across both consumer and business segments – will afford us significantly greater opportunities in both the near and long term to steadily increase revenues and earnings, and, ultimately, to enhance shareholder value.

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

## PRODUCT LINE DEVELOPMENT

We attempt to focus our development and publishing activities principally around software products that are, or have the potential to become, titles possessing sustainable consumer or business appeal and brand recognition. We are also in continual pursuit of both licensing opportunities with respect to software titles and title versions as well as corporate acquisition opportunities, in each case where we determine such opportunities offer attractive returns on capital investment and that may additionally provide strategic value to our existing product lines in terms of cross-marketing opportunities. As part of this initiative, we may acquire businesses that (i) only recently commenced operations, (ii) are development-stage enterprises in need of additional funds to expand into new products or markets, or (iii) are established businesses that may be experiencing financial or operating difficulties and need additional capital.





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PRODUCT DEVELOPMENT

Our product development methodology is modeled around elements of the consumer packaged goods and software industry. Within this model, our management assesses the current market and establishes a direction for each of our products, while key personnel monitor quality, delivery schedules, development milestones and budget. Prior to final approval, whether developed internally or externally by our third-party developers, we test all new titles and title versions for bugs.

The manufacturing time and gross margin percentages for each of our products can vary significantly from platform to platform. For each of our products we establish and periodically review an individual product development timeline and expenditure budget, taking into consideration, among others, the following business factors:

- prior year or season selling rates for existing and competitive products;
- known or estimated growth rates for existing and competitive products;
- new market opportunities for products, product categories, or product platforms;
- competitive products and known competitive strategies;
- general consumer market and consumer economic sentiments including past, present, and projected future conditions and/or events;
- technological changes, improvements, new platforms, and platform market share shifts;
- general distribution channels and customer feedback;
- current and perceived corporate cash flow;
- availability and limitations related to knowledgeable/expert talent and workforce; and
- known or projected risks associate with each of these factors.

We develop our titles and title versions using a strategic combination of our internal development group and external, independently contracted developers, a team of which are located in the Russian Federation and several others of which are located in the United States, India, and Ghana.

We strive to provide our in-house team the independence and flexibility needed to foster creativity and teamwork. Employing an in-house development team provides us with the following advantages:

- our developers work collaboratively, sharing development techniques, software tools, software engines and useful experience, to form a strong collective and creative environment;
- the ability to re-focus efforts quickly to meet the changing needs of key projects;
- more control over product quality, scheduling and costs; and
- our developers are not subject to the competing needs of other software publishers.

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We maintain an in-house development team in Naperville, Illinois, and we also maintain development and technical staff at our Omaha, Nebraska headquarters.

We select our external developers based on their track record and expertise in producing titles and title versions within certain categories. This selection process allows us to strengthen and leverage the particular expertise of our internal and external development resources, as well as to scale up and down as necessary, to maximize the productivity of our development budget.

The following summarizes our approximate product development costs incurred for the years ended December 31, 2009 and 2008:

	2009	2008
Total costs incurred	\$ 415,000	\$ 494,000
Total costs capitalized	\$ 236,000	\$ 257,000
Total costs expensed	\$ 179,000	\$ 237,000

## OUR PRODUCTS

## Faith-Based Software

## Bible Study

For the fiscal year ended December 31, 2009, approximately 88% of our revenues were derived from sales of our flagship product, QuickVerse®, an industry-leading Bible-study software now in its 21st year and 14th version. Originally introduced into the market in 1989, QuickVerse® has sold over one million copies since its introduction and is currently believed by us to be the market leader in its category.

QuickVerse® simplifies biblical research, allowing users to view multiple reference materials, including Bibles, dictionaries, commentaries and encyclopedias, side-by-side on the computer screen. A built-in “QuickSearch” feature enables the user to highlight a word or Bible verse and find all of its occurrences in a particular text. Advanced search options enable users to search by word, phrase or verse across multiple books, offering search options that locate all forms of a given search word without the need for embedded symbols. For example, a search for the word “rise”, will yield the words “arise”, “risen”, “rising”, and “rise”.

QuickVerse® 2010, our latest version, is currently available in six CD-Rom editions for PC with a range in retail price from \$39.95 to \$799.95. Each edition and platform of QuickVerse® contains several Bible translations (e.g., the King James Version, the American Standard Version, etc.) along with numerous reference titles (e.g., dictionaries, commentaries, encyclopedias, etc.). Furthermore, each QuickVerse® purchase includes access to additional books and content, which can be unlocked or downloaded and made accessible for an additional fee.

QuickVerse® Mobile is compatible on both Pocket PC® and Palm OS® operating systems. QuickVerse® 4.0 Mobile, our latest version, is currently available in two editions as a download and in CD-Rom with a range in retail price from \$39.95 to \$69.95. QuickVerse® Macintosh is compatible with Macintosh® OS X 10.4.11 (Tiger, Leopard, Snow Leopard) or higher operating systems. QuickVerse® 3.0 Macintosh, our latest version, is currently available in three editions with a range in retail price from \$59.95 to \$349.95. QuickVerse® Mobile and QuickVerse® Macintosh each provide the same simplified access and many of the personal Bible study features found in the QuickVerse® PC versions.

QuickVerse® customers include (i) individuals devoted to or otherwise interested in studying Christianity and (ii) religious and other spiritual organizations including schools, churches and other faith-based ministries.

For our QuickVerse® customers, we also develop and market certain other Bible study software packages such as the Pulpit Commentary®, the Biblical Illustrator®, the QuickVerse® Commentary Series, the Warren Wiersbe® Collection, the John MacArthur® Collection and many others. These titles currently range in retail price from \$19.95 to \$249.95 per unit.

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In addition, our website, [www.quickverse.com](http://www.quickverse.com), offers additional content which can be downloaded into the QuickVerse® software for immediate use. The content offered includes approximately 200 individual books and/or collections with a range in retail price from \$4.95 to \$249.95.

### Other Faith-Based Products

Our faith-based software titles and title versions also include those categorized as Print and Graphic, Financial, Pastoral, Children's and Language products. These categories include titles such as ClickArt Christian Publishing® Suite III, Sermon Builder® 5.0, Ministry Notebook® 2.0, Jonah and the Whale®, Greek Tutor® and Hebrew Tutor®. These titles currently range in retail price from \$5.97 to \$69.95. For the fiscal year ended December 31, 2009, approximately 8% of our revenues were derived from sales of our other faith-based software titles.

### Form Creation

Our form creation titles currently consist of the FormTool® software product line. On February 25, 2008 we acquired the FormTool® software product line from ORG Professional, LLC. FormTool.com and the FormTool® product line offers quality, professionally designed forms for business, accounting, construction, sales, real estate, human resource and personal organization needs. FormTool® 7.0, our latest version, is currently available in three editions that range in retail price from \$29.99 to \$199.99. Furthermore, in September 2008, we re-launched the FormTool.com website as an online marketplace for purchasing the FormTool® product line, as well as a "one-stop" shop for finding, purchasing, and downloading customizable forms for a wide range of business and consumer needs. For the year ended December 31, 2009, approximately 4% of our revenues were derived from sales of FormTool® products and forms.

## OUR MARKET

### Generally

While, historically, we have defined ourselves by virtue of the niche faith-based market we have been focused upon serving, we expect that, going forward, our markets will broaden significantly as we introduce products and content with much wider appeal and which serve not only consumers, but also businesses and other organizations more generally. Taking a somewhat opportunistic approach to our future growth in this regard, and recognizing consequently that future products and content are likely to be aimed at target demographics that we cannot reasonably predict, an analysis of our market is only meaningful as it relates to our current products and product lines.

### Faith-Based Products

According to a Gallup poll released in January 2006, 50% of Americans identified themselves as Protestant, while 25% identified themselves as Catholic, and 13% identified themselves as "Other Christian". According to the same survey, 59% of Americans say that religion is "very" important to them in their own lives, and another 25% say that religion is "fairly" important in their lives. Additionally, 41% describe themselves as "born-again" or "evangelical Christian".

According to the most recent survey released in July 2006 by the Christian Bookseller's Association ("CBA"), Christian-product sales for the year 2004 were \$4.34 billion. The survey also revealed that \$2.3 billion of the \$4.34 billion total was sold through Christian retail, with \$1.3 billion sold through general retail, and \$694 million sold direct-to-consumer, and through ministry sales channels. The 2,055-store CBA segment includes several different chains, Family Christian Stores being the largest with over 300 stores. As faith-based retailing increases, secular stores are offering more faith-based products as evidenced by the \$1.3 billion sales figure in 2004 as reported by the

CBA. It is this faith-based demographic that we seek to target.

#### Form Creation Products

Given that most businesses, large and small, routinely use forms of some sort or another, we believe the FormTool® line of products has broad applicability across the entire business spectrum, regardless of business size or scope. Therefore, it is difficult for us to quantify the potential market size for the FormTool® line of products.

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### MARKETING AND ADVERTISING

In developing a marketing strategy for our products, we seek brands or titles that we believe will appeal to the interests of our target users. We strive to create marketing campaigns which are consistent with this strategy and generally market our software through:

- our Websites ([www.quickverse.com](http://www.quickverse.com)/[www.formtool.com](http://www.formtool.com)) and the Internet sites of others;
- print advertising;
- opt-in e-mail campaigns;
- fax campaigns;
- affiliate merchants;
- product sampling through trial and limited content software versions;
- in-store promotions, displays and retailer assisted co-operative advertising;
- publicity activities; and
- trade shows.

### SALES

#### Generally

Our approach to sales methodology depends in all cases on the specific products and/or product lines involved, and is dictated to a significant degree by historical results obtained. In general, we seek to adopt the lowest-cost sales methodologies that enable us to achieve satisfactory unit volume and corresponding revenue levels. We also seek to become increasingly less reliant over time on retail distribution and increasingly more reliant upon direct sales, including most notably those realized through online channels.

#### Direct Marketing / Online Sales

Direct sales accounted for approximately 63% of our 2009 fiscal year revenue and approximately 57% of our 2008 fiscal year revenue. Over the past seven years, we have devoted significant and increasing resources to the development of our direct-marketing program. Through this program, we market our products directly to consumers through a combination of opt-in e-mailings and direct-mailings of our product title catalogs and brochures. An important aspect of this initiative is our online sales. We maintain a full-service online store with many of the kinds of features and capabilities that online shoppers have come to expect from cutting-edge Internet retailers. Furthermore, we have made technological advancements to our Website in order to provide more downloadable products and/or content. We are currently marketing our products online through multiple sources including our own [www.quickverse.com](http://www.quickverse.com) and [www.formtool.com](http://www.formtool.com) Internet Websites, other Internet Websites such as [www.amazon.com](http://www.amazon.com), as well as several widely used search engines such as Google® and Yahoo®. Furthermore, in October of 2005 we joined an affiliate network through [www.shareasale.com](http://www.shareasale.com) and have gained approximately 570 affiliate merchants that market our products through their Websites.

We anticipate online orders will continue to increase as we expand our software and content product base and enhance our marketing efforts in this area.

#### Retail Sales

Retail sales accounted for approximately 37% of our 2009 fiscal year revenue and approximately 43% of our 2008 fiscal year revenue. Our domestic retail sales involve thousands of retail stores across the United States through which our products are sold, many of which are members of the CBA. These stores vary from small, family-owned Christian

bookstores to large chain bookstores such as LifeWay Christian Stores and Family Christian Stores®. We face the continuing challenge of reaching these stores on a consistent basis to keep them informed of new releases, promotional offers, etc. In addition to advertising in trade publications and maintaining visibility at CBA trade shows and events, we believe that it is critical to be in direct personal contact with each customer routinely, in order to maintain or increase our market position. Towards that end, our sales representatives are expected to contact each of our customers as well as each of the independent stores that are not yet our customers regularly and present them with the latest in our products and promotions. We believe our personalized approach to marketing provides us with an edge over our competition, which we believe rely predominantly on advertising to maintain and develop their relations with CBA customers.

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The secular retail market includes chains such as Sam's Club, Frys, OfficeMax™ and Apple® Stores. We have also partnered with Smith Micro Software, Inc., a major publisher and distributor of software in the secular market, to distribute our products.

### International Sales

International sales accounted for approximately 3% of our 2009 fiscal year revenue and approximately 2% of our 2008 fiscal year revenue. We currently sell to distributors and retailers in Africa, Australia, Canada, Korea, New Zealand, Philippines, Singapore and the United Kingdom. These distributors and retailers, in turn, sell our products into both Christian and large, secular retail outlets that sell off-the-shelf consumer software packages.

### Returns and Price Concessions

At the time we ship our products we establish reserves, including reserves that estimate the potential for future product returns and price concessions. Management makes these estimates and assumptions based on actual historical experience regarding allowances for estimated price concessions and product returns. In determining the percentage of sales for product return reserves, management considers a number of different statistical factors. First, it reviews the rate of actual product returns (in total) for the period. Second, it reviews return rates for the same period(s) of prior years. Third, it reviews its sales by individual retail customers to assess any unusual return exposure. Fourth, it reviews actual return rates of specific title and title versions to determine if there are any unusual trends taking place. Fifth, the potential for an increase in actual returns resulting from upcoming new title or title version releases is reassessed. Sixth, management reviews the actual returns from the balance sheet date to the date of calculation to determine if anything unexpected has taken place. Seventh, and finally, management reviews outside factors such as general economic conditions that could potentially cause an increase in returns.

We give all of our distributors and retail customers a written product return policy providing for returns, upon written request, within nine months of the invoice date for credit only. If a new title or title version release falls within that nine month time span, a distributor has 60 days from the announced release date to return the old title or title version in exchange for the new title or title version only. We provide our end-user consumers with a 30 day satisfaction guarantee, allowing them to return a title or title version within that time frame if for any reason unsatisfied. Our warranty policy for defective software is to provide replacement or repair for a period of 30 days from the invoice date. We believe that these measurement dates provide a consistent period for assessment and the opportunity to adequately estimate channel inventory levels for appropriately estimating our return reserves.

We generally grant price concessions to our wholesale retail customers when we deem those concessions necessary to maintain our relationships with those retailers and maintain continued access to their retail channel customers. Further, if consumer demand for a specific title falls below expectations or significantly declines below previous rates of wholesale retail sell-through, then a price concession or credit may be requested by our retail customers to spur further retail channel sell-through.

Trends that our returns typically follow include (i) the seasonality of sales, and (ii) the fact that, generally, relatively higher return rates occur during periods of new title or title version releases. 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.





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## MANUFACTURING AND FULFILLMENT

We prepare a set of master program copies, documentation and packaging materials for each platform on which a title or title version is available. Most of our software products are manufactured through third-party subcontractors while a small number is produced in-house. Orders for master program copies and documentation for our PC, Macintosh and Mobile based titles and title versions generally take seven to ten days, and reorders take three to five days. Orders for packaging materials for similar titles and title versions generally take fourteen to twenty-one days, and reorders take seven to fourteen days. To date, we have not experienced any material returns due to product defects.

We currently fulfill all of our direct-to-consumer sales and all of our retail sales out of our own warehouse located in Omaha, Nebraska.

## SIGNIFICANT CUSTOMERS AND SUPPLIERS

During the fiscal years ended December 31, 2009 and 2008, we had one customer, Lifeway Christian Resources, that individually accounted for 10% or more of annual sales. As we introduce new and enhanced software titles into the market and increase our focus on direct sales, we anticipate our sales to a single customer, as a percentage of gross consolidated revenue, will remain below 10%.

Also for the fiscal years ended December 31, 2009 and 2008, significant product and material purchases were as follows:

	% to Total Product	
	2009	2008
Midlands Packaging Corporation (retail boxes)	41 %	37 %
Sonic Media Solutions Inc. (cd's)	12 %	6 %
IsoDisc (cd's)	10 %	15 %
Pratt Industries Inc. (corrugated)	10 %	1 %
Omaha Box Company (corrugated)	2 %	12 %

We currently have no long-term written agreements with any of these suppliers. The payment terms are generally net 30 days, and we are not substantially dependent upon any one or more of them; all are easily replaceable with any locally available supplier.

## REGULATION

We are not currently subject to direct regulation by any government agency, other than regulations applicable to businesses generally.

## COMPETITION

The market for our products is rapidly evolving and intensely competitive as new software products and platforms are regularly introduced. Competition in the software industry is based primarily upon:

brand name recognition;  
availability of financial resources;  
the quality of titles;  
reviews received for a title from independent reviewers who publish reviews in magazines, Websites, newspapers and other industry publications;  
publisher's access to retail shelf space;  
the price of each title; and  
the number of titles then available.

In relation to our faith-based products, we face competition from other software publishers, all of which generally sell through the same combination of channels that we do, including chain store, secular, CBA, direct and online sales.

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Specifically, and in relation to our QuickVerse® family of products, we believe we are the market leader in our category. We currently compete with the following companies and products, among others, in the PC, Macintosh and Mobile categories:

Logos Research Systems, Inc. – Logos Bible Software®  
Biblesoft, Inc. – PC Study Bible® Version  
Thomas Nelson, Inc. – Nelson eBible® for PC and Mobile devices  
WordSearch Bible Publishers – WordSearch®  
Zondervan – Zondervan Bible Study Library® for PC and Macintosh  
Oak Tree Software, Inc. – Accordance Bible Software®  
Laridian – PocketBible®  
WordSearch Bible Publishers – Life Application Bible Pocket Library®  
Zondervan – NIV Bible Study Suite PDA®  
Olive Tree Bible Publishers – Olive Tree Bible Software®

Although each of these companies publishes software packages in several different variations, generally in a range that includes a standard package, an expanded package, and a deluxe package (the same way that we do), in each of these respective categories we believe that QuickVerse® offers the best value in that it is relatively inexpensive but the most comprehensive in terms of the number of Bibles and reference titles included. We believe QuickVerse's® reputation to be among the most well-respected in its category.

In relation to our FormTool® products, we currently compete with the following companies and comparable products, among many others:

FormDocs, LLC – FormDocs for Windows  
Nuance Communications, Inc. – OmniPage 17

While FormDocs publishes software packages in several different variations, generally in a range that includes a basic edition, a deluxe edition, and a professional edition package, (as is true with our FormTool®), in each of these respective categories we believe that FormTool® offers the best value in that it is relatively inexpensive but more comprehensive in terms of the number of form templates it includes. Additionally, FormDocs does not have an “on the shelf” presence in the retail market place.

While in the general category as our FormTool®, we believe that the OmniPage product line is more focused on document conversion from paper to electronic format than form creation and editing. OmniPage also sells at a considerably higher price point than the FormTool® product line.

Our general approach to competition as it relates to our FormTool® products is to offer competitive products at lower price points.

## INTELLECTUAL PROPERTY

### Overview

We rely for our business on a combination of copyrights, trademarks, and trade secrets to protect our intellectual property. Our copyrighted software content and the brand recognition associated with our related product trademarks are among the most important assets that we possess in our present ability to generate revenues and profits, and we rely very significantly on these intellectual property assets in being able to effectively compete in our market. Our intellectual property rights derive from a combination of licenses from third parties, internal development and

confidentiality and non-disclosure agreements.

We cannot be certain that the precautions we have taken will provide meaningful protection from unauthorized use by others. If we must pursue litigation in the future to enforce or otherwise protect our intellectual property rights, or to determine the validity and scope of the proprietary rights of others, we may not prevail and will likely have to make substantial expenditures and divert valuable resources in the process. Finally, we may not have adequate remedies if our proprietary content is appropriated, our proprietary rights are violated or our trade secrets are disclosed.

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### Copyrights

Our copyrights, some of which have been registered and others of which remain unregistered, derive from a combination of program and source code embodied in software titles that we license from third parties, as well as program and source code embodied in software titles that we have internally developed on our own.

We entered into a license agreement in June 1999 with Parsons Technology, Inc. which forms the basis of our copyright protection for products that accounted for approximately 96% of our revenues in 2009, including those generated from sales of QuickVerse®, by far our largest selling software title. A copy of the license that we obtained from Parsons Technology, which has since been assigned to Riverdeep, Inc., the latest licensor-assignee in a succession of assignments by Parsons Technology that have occurred since June 1999, is incorporated by reference into this annual report on Form 10-K for the year ended December 31, 2009 as Exhibit 10.3. At the time, it was acquired as part of a combination of related transactions involving ourselves, Parsons Technology, then a wholly owned subsidiary of Mattel, Inc.®, and TLC Multimedia Inc., then also a wholly owned subsidiary of Mattel, Inc.®. Aside from the license, the transactions involved an asset sale, a product distribution agreement, and a related services agreement. Taken as a whole, and essentially, we had acquired from TLC Multimedia a software publishing and sales division (known and referred to by many then as the “Parsons Church Group”). In accordance with its terms, we agreed to pay a one-time non-recurring fee of \$5 million to obtain the license, which fee was payable over a subsequent approximate one year period. The related asset sale involved separate consideration.

The license that we acquired in 1999 provided us with the right, originally for a term of ten years, to publish, use, distribute, sublicense and sell, exclusively worldwide in non-secular channels and non-exclusively (with the continuing right retained by Riverdeep, Inc., successor to Parsons Technology) on an unrestricted basis in secular channels, a collection of 65 individual top-selling Christian-related software titles owned by Parsons Technology, including QuickVerse®, among others. The license covered a variety of other add-on content titles (e.g., various Bible translations, study guides and sermon preparation tools). The license also included the right for us to modify the programs (including the source code) in order to prepare derivative works and future versions of the programs, and stated that we would exclusively own all rights associated with any such modifications.

Beginning in 2000, we became involved in a series of mediations arising out of or otherwise in connection with the 1999 license. The first of these involved the payment terms of the \$5 million licensing fee. Rather than making payments in accordance with the fee schedule as originally set forth in the agreement, we entered into an arrangement with Parsons Technology’s direct sales group whereby we provided resale products and in turn received an offset credit against the balance due under the fee provision in the license. The dispute centered on the amount of product actually resold, and, therefore, the amount of offset credit to which we were entitled. Prior to the resolution of this contest, a second dispute arose, naming Parsons Technology and ourselves, among others, as parties thereto. The first mediation was set aside, and ultimately resolved in conjunction with the latter proceeding as described in the following paragraph.

In October 2001, due to being in arrears with respect to certain royalty payments owed to The Zondervan Corporation, then a content provider to QuickVerse®, we became party to a second mediation ultimately resulting in a multi-party settlement agreement, on October 20, 2003, the terms of which provided for our payment to Zondervan of \$500,000 plus 5% simple interest in installments, as well as for our destruction of all inventory containing Zondervan-owned content, all of which we satisfied within months thereafter. As part of the settlement agreement, we received a covenant in perpetuity with respect to our rights under the 1999 license, effectively extending it indefinitely with no continuing financial obligations owed by us. A copy of the settlement agreement which resulted in the effective extension is incorporated by reference into this annual report on Form 10-K for the fiscal year ended December 31, 2009 as Exhibit 10.14.



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Since 1999, the developments, including modifications and improvements, that we have made to the originally acquired copyrighted programs covered by the license have been extensive. We have used both in-house developers and third-party contractors in these modifications and improvements over which we retain the exclusive ownership. Given these developments, which have been made through nine subsequent versions, eight different editions and three new platforms of QuickVerse®, and various subsequent versions of some of the other titles to which we acquired rights under the license (including those in each of the print and graphics, pastoral, children's, and language tutorial product categories), we believe that the real value of the copyrights associated with these titles lay almost exclusively at this point in the improvements that we own rather than the base copyrights that we were originally granted and that continue to be owned by Riverdeep, Inc. Moreover, it is our belief that the original source code covered by the license has been effectively rendered valueless by virtue of these subsequent modifications and improvements. Although we do not believe that any third parties have been granted any rights to date in addition to our own to publish or sell these titles into secular channels, and do believe that, even if this has occurred or should occur in the future, the barriers to entry created by the extensive developments that we have made and now own to these otherwise licensed titles would make it practically infeasible for any third party to effectively compete with us in relation to these products in any market, there can be no assurance that one or more competitors will not emerge at some point or that they will not impact on our sales and revenues.

As noted above, our largest-selling title, QuickVerse®, is one from which we originally derived our rights under the 1999 license. One of the features that make QuickVerse® such a popular title is its breadth of content. A very significant percentage of this content is licensed by us from various third-party content providers for inclusion in QuickVerse®. We are therefore responsible for paying royalties on a regular basis to these providers in connection with our sales of QuickVerse®. In total, we currently have content licensing agreements with 48 different publishers for approximately 1,350 individual Bible translations and other biblical or related scholarly works which are incorporated in various editions of our QuickVerse® products, or in some cases sold as stand-alone or add-on content. These licensing agreements are typically non-exclusive and for a fixed duration (e.g., a term of 3 or 5 years). Royalties are calculated as a percentage of net sales from a work (e.g., ranging from 3% to 10% according to the licensing agreements), based upon factors such as value as a stand-alone product as compared to, for example, value when bundled with other titles within a collective work. These license agreements typically cover content in the context of both stand-alone products and as bundled works. For example, consumers who purchase QuickVerse® pay the suggested retail price and are in part paying for the technology within the program along with the content. QuickVerse® titles sold to new consumers or new users are subject to royalties on all content within each specific QuickVerse® title. However, upgrade sales to existing users are only subject to royalties on new content additions of the upgraded version.

In addition to the copyrights associated with the 1999 license described above, copyright protection exists in relation to the software titles that we resell published by others. These copyrights, however, are held by the publishers and/or their respective third-party content providers.

While approximately 82% of our copyrighted software programs are registered with the U.S. Copyright Office, approximately 18% remains unregistered, including all of the works included in the enhancements that we have made to titles from which we originally derived our rights under the 1999 license. In the U.S., works afforded the benefit of copyright protection can either be registered with the U.S. Copyright Office or remain unregistered, and, although registration offers certain advantages to the holder in being able to assert its rights (including a rebuttable presumption of ownership and entitlement to statutory damages and attorneys fees), the fact remains that an original work in the U.S. becomes protected by the copyright laws from the moment it is "fixed in a tangible medium," which, as it relates to software, has long been interpreted to mean when it is stored on a hard drive or removable disk.

## Trademarks



As part of the 1999 license, we acquired the unlimited right to use the registered trademarks associated with the various titles licensed thereunder exclusively worldwide in non-secular channels and non-exclusively in secular channels. Because of the fact that QuickVerse® has been on the market for approximately ten years by the time we acquired the license, and had a substantial existing user base, the trademark for this product alone was deemed at the time to be of great importance and value. We believe that our initiatives in introducing subsequent versions, editions and platforms of this title since then, as well as our having maintained extremely high publishing standards throughout the period that we have been publishing this title, have served to sustain and enhance the importance and value of this trademark.

Following our acquisition of FormTool®, we filed a trademark application for the FormTool® name with the United States Patent and Trademark Office. On September 30, 2008, this trademark was approved and registered to the Company.

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### Trade Secrets

Whenever we deem it important for purposes of maintaining competitive advantages, our policy requires parties with whom we share, or who otherwise are likely to become privy to, our trade secrets or other confidential information, including source code, to execute and deliver to us confidentiality and/or non-disclosure agreements prior to their exposure to any such information. Among others, this includes employees, consultants and other advisors, including our in-house and outsourced software developers and collaborators, each of whom we require to execute such an agreement upon commencement of their employment, consulting or advisory relationships. These agreements generally provide that all confidential information developed or made known to the individual by us during the course of the individual's relationship with us is to be kept confidential and not to be disclosed to third parties except in specific circumstances. In the case of employees and consultants, the agreements provide that all inventions conceived by the individual in the course of their employment or consulting relationship shall be our exclusive property.

### EMPLOYEES

As of April 7, 2010, we had twelve full-time employees and one part-time employee. Of those thirteen, three were part of the senior-level executive and financial management team, three were in the product development team, four were on the sales team, and three were in fulfillment, administration, and related support positions. For the fiscal year ended December 31, 2009, our annual employee costs (including gross wages, related payroll taxes and benefits) totaled approximately \$1,174,000, equivalent to 48% of gross revenues. In addition, we have engaged the services of several consulting firms who are working full or part-time for us in the area of product development.

We rely heavily on our current officers and directors in operating the business. We are not subject to any collective bargaining agreements and believe that our relationships with our employees are good.

### SEASONALITY

Historically, our business has been highly seasonal. More than 50% of our annual sales have generally occurred in the five months of September through January; the five months of April through August have generally been our weakest, historically accounting for less than 30% of annual sales. Although we believe that a shifting strategy toward more business-oriented products over time is likely to reduce the seasonality of our business generally, we expect that operating results will continue to fluctuate seasonally to some degree for the foreseeable future.

### ITEM 1A. RISK FACTORS.

Several of the matters discussed in this annual report on Form 10-K for the fiscal year ended December 31, 2009 contain forward-looking statements that involve risks and uncertainties. Factors associated with the forward-looking statements that could cause actual results to differ from those projected or forecast are included in the statements below. In addition to other information contained in this annual report, readers should carefully consider the following cautionary statements and risk factors.

### GENERAL BUSINESS RISKS

Our liquidity and capital resources are very limited.

Our ability to fund working capital and anticipated capital expenditures will depend on our future performance, which is subject to general economic conditions, our customers, actions of our competitors and other factors that are beyond our control. Our ability to fund operating activities is also dependent upon (i) the extent and availability of bank and other credit facilities, (ii) our ability to access external sources of financing, and (iii) our ability to effectively manage

our expenses in relation to revenues. Although we believe that our existing working capital, together with cash flow from operations, will be adequate to meet our minimum anticipated liquidity requirements over the next twelve months, given our initiative toward rapid revenue growth and due to our need to service certain long-term liabilities, it is likely to become necessary for us to raise additional capital to support growth and/or otherwise finance potential acquisitions. Furthermore, there can be no assurance that our operations or access to external sources of financing will continue to provide resources sufficient to satisfy our liabilities arising in the ordinary course of business, and while it may be possible to borrow funds as required, any such additional capital is likely to require that we sell and issue additional equity and/or convertible securities, including shares issuable upon exercise of currently outstanding warrants, any of which issuances would have a dilutive effect on holdings of existing shareholders. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources”.

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There is uncertainty as to our ability to continue as a going concern.

Our audited financial statements for the period ending December 31, 2009, including the footnotes thereto, call into question our ability to continue as a going concern. This conclusion was drawn from the fact that, as of the date of those financial statements, we had a negative current ratio and total liabilities in excess of total assets. Those factors, as well as questions surrounding our ability to secure additional financing for continued operations, have resulted in uncertainty regarding our ability to continue as a going concern. See Note 2 in the Notes to the Consolidated Financial Statements for the year ended December 31, 2009.

Our accumulated deficit makes it harder for us to borrow funds.

As of December 31, 2009, and as a result of historical losses in prior years, our accumulated deficit was \$8,698,465. The fact that we maintain an accumulated deficit, as well as the extent of our accumulated deficit relative to recent earnings, negatively affects our ability to borrow funds because lenders generally view an accumulated deficit as a negative factor in evaluating creditworthiness. Any inability on our part to borrow funds if and when required, or any reduction in the favorability of the terms upon which we are able to borrow funds if and when required, including amount, applicable interest rate and collateralization, would likely have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources”.

## RISKS ASSOCIATED WITH OUR BUSINESS AND INDUSTRY

We face serious competition in our business segments.

The market for our products is rapidly evolving and intensely competitive as new consumer software products and platforms are regularly introduced. Competition in the consumer software industry is based primarily upon:

- brand name recognition;
- availability of financial resources;
- the quality of titles;
- reviews received for a title from independent reviewers who publish reviews in magazines, Websites, newspapers and other industry publications;
- publisher’s access to retail shelf space;
- the price of each title; and
- the number of titles then available.

We face competition from other software publishers, all of which generally sell through the same combination of channels that we do. In relation to our faith-based titles, these channels include chain store, secular, CBA, direct and online sales, and our competitors include Logos Research Systems, Inc., Biblesoft, Inc., Thomas Nelson, Inc., WordSearch Bible Publishers and The Zondervan Corporation, among others. In relation to our form creation, these channels also include retail chain stores, direct and online sale and our competitors include FormDocs, LLC and Nuance Communications, Inc.

To remain competitive in our market segments we rely heavily upon our product quality, marketing and sales abilities, proprietary technology and product development capability. However, some of our competitors have longer operating histories, larger customer bases and greater financial, marketing, service, support, technical and other resources than we do. Due to these greater resources, certain of our competitors have the ability to undertake more extensive marketing campaigns, adopt more aggressive pricing policies, pay higher fees to licensors and pay more to third-party software developers than we can. Only a small percentage of titles introduced into the software market achieve any

degree of sustained market acceptance. If our titles, including special editions, are not successful, our business, our financial condition, including liquidity and profitability, and our results of operations will be negatively impacted. Moreover, we believe that competition from new entrants will increase as the markets for faith-based products and productivity tools continue to expand. See “Description of Business – Competition”.

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We currently depend on only a single title for the overwhelming majority of our revenue.

In fiscal year 2009, approximately 88% of our total revenue was derived from one software title, QuickVerse®, compared to 86% of our total revenue for fiscal year 2008. We expect that QuickVerse® will continue to produce a disproportionately large percentage of our revenue for the foreseeable future and that such percentage will be significantly higher going forward than it has been in recent years. Due to this dependence on a single title, the failure of such title, or individual versions of such title, to achieve anticipated results would have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations. See “Description of Business – Our Products”.

We have experienced, and may continue to experience, reduced revenues and fluctuations in our quarterly operating results due to delays in the introduction and distribution of our products.

Historically, a significant portion of our revenue for any given quarter has been generated by the sale of new titles and title versions introduced during that quarter or shipped in the immediately preceding quarter. Our inability to timely begin volume shipments of a new title or title version in accordance with our internal development schedule, as has repeatedly been the case in the past, will cause earnings fluctuations and will negatively impact our business, our financial condition, including liquidity and profitability, and our results of operations. Timely introduction of a new title or title version is largely contingent upon the timing of a variety of other factors. Included among these are development processes themselves, debugging, approval by third-party content licensors and duplication and packaging processes. Furthermore, the complexity of next-generation systems (such as Macintosh® OS X and Windows® Mobile) has resulted in longer development cycles, higher development expenditures and the need to more carefully monitor and plan development processes associated with these products.

We cannot be certain that we will be able to meet planned release dates for some or all of our new titles or title versions. In the past, we have experienced significant delays in our introduction of some new titles and title versions. It is likely in the future that delays will continue to occur and that some new titles or title versions will not be released in accordance with our internal development schedule, having a negative impact on our business, our financial condition, including liquidity and profitability, and our results of operations in that period. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Revenues”.

We have experienced, and may continue to experience, reduced revenues and fluctuations in our quarterly operating results due to the limited life cycle of certain of our products.

The average life cycle of a new consumer software title ranges anywhere from a few years to indefinitely, and the average life cycle of a new title version ranges anywhere from twelve to eighteen months, making our revenue and operating results difficult to predict and susceptible to substantial fluctuations from quarter to quarter. While there can be no assurance, we expect, based on historical experience, that a majority of sales for a new title or title version will occur within the first thirty to one hundred twenty days following its release, and that net revenue associated with the initial introduction will generally account for a disproportionately large percentage of total net revenue over the life of the title or title version. Furthermore, factors such as competition, market acceptance, seasonality and technological developmental and/or promotional expenses associated with a title or title version can shorten the life cycle of older titles and title versions and increase the importance of our ability to regularly release new titles and title versions. Consequently, if net revenue in a given period is below expectation, our business, our financial condition, including liquidity and profitability, and our results of operations for that period are likely to be negatively affected, as has repeatedly occurred in the past.



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Product returns, price protections or price concessions that exceed our anticipated reserves could result in worse than expected operating results.

In relation to our retail sales, at the time we ship our products we establish reserves, including reserves that estimate the potential for future product returns and price concessions. In the past, particularly during title version transitions, we have had to increase price concessions to our wholesale retail customers. If consumer demand for a specific title or title version falls below expectations or significantly declines below previous rates of retail sell-through, then a price concession or credit may be requested by our wholesale retail customers to spur further retail channel sell-through. Coupled with more competitive pricing, if product returns, price protections or price concessions exceed our reserves the magnitude of quarterly fluctuations will increase and our operating and financial results will be negatively impacted. Furthermore, if we incorrectly assess the creditworthiness of any one of our wholesale customers who take delivery of our products on credit, we could be required to significantly increase reserves previously established.

Typically we experience the highest reserves at the end of the first quarter and fourth quarter and the lowest at the end of the third quarter. 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Revenues".

Errors or defects in our software products may cause a loss of market acceptance and result in fewer sales and/or greater returns of our products.

Our products are complex and may contain undetected errors or defects when first introduced or as new versions are released. In the past, we have discovered software errors in some of our new products and enhancements following introduction into the market. Because our products are complex, we anticipate that software errors and defects will be present in new products or releases in the future. Although to date, we have not discovered any material errors, future errors and defects could result in adverse product reviews and a loss of, or delay in, market acceptance of our products.

We may not have available funds to develop products that customers want.

The Bible-study, faith-based content and productivity software markets are subject to rapid technological developments. Although the life of most of our titles may be quite long, the life of any given version tends to be relatively short, in many cases less than three years. To develop products that consumers and organizations desire, we must continually improve and enhance our existing products and technologies and develop new products and technologies that incorporate these technological developments. Our inability to do this would likely have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations.

We focus our development and publishing activities principally on new versions of our existing titles. We cannot, however, be certain that we will have the financial and technical resources available to continue to develop these new title versions particularly since we must undertake these initiatives while remaining competitive in terms of performance and price. This will require substantial investments in research and development, often times well in advance of the widespread release of a product into the market and any revenues these products may generate.

Our costs for product development for the fiscal year ended December 31, 2009 were lower than the fiscal year ended December 31, 2008; however, we anticipate our product development costs will increase in the future as a result of the higher costs associated with releasing more software titles or new title versions across multiple user interface



platforms, and the complexity of developing such titles and title versions for next-generation systems, among other reasons. We anticipate that our profitability will continue to be impacted by the levels of research and development expenditures relative to revenue and by fluctuations relating to the timing of development in anticipation of future user interface platforms.

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The loss of any of our key executives could have a material adverse effect on our business.

Our success depends to a large degree upon the skills of our three key executives, Steven Malone, Kirk R. Rowland and William Terrill. We presently do not maintain key person life insurance on any of our three key executives. Although we have employment agreements with each of our three key executives, which expire on April 14, 2010, there can be no assurance that we will be able to retain these executives or attract and retain additional key executives. The loss of any one of our three key executives would likely have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations. See “Management – Directors and Executive Officers”.

The successful development of our products depends on our ability to attract, integrate, motivate and retain highly skilled personnel.

Our success depends to a large extent on our ability to attract, hire and retain skilled software developers, programmers and other highly skilled technical personnel. The software industry is characterized by a high level of employee mobility and aggressive recruiting among competitors for personnel with programming, technical and product development skills. We may not be able to attract and retain skilled personnel or may incur significant costs in order to do so. If we are unable to attract additional qualified employees or retain the services of key personnel, our business, our financial condition, including liquidity and profitability, and our results of operations could be negatively impacted.

Our intellectual property may not be adequately protected from unauthorized use by others, which could increase our litigation costs and adversely affect our sales.

Our copyrighted software content and the brand recognition associated with our related product trademarks are the most important assets that we possess in our ability to generate revenues and profits, and we rely very significantly on these intellectual property assets in being able to effectively compete in our market. There can be no assurance that these intellectual property assets will provide meaningful protection to us from unauthorized use by others, which could result in an increase in competing products and a reduction in our own sales. If we must pursue litigation in the future to enforce or otherwise protect our intellectual property rights, or to determine the validity and scope of the proprietary rights of others, we may not prevail and will likely have to make substantial expenditures and divert valuable resources in any case. This is particularly true given the fact that the copyrights that we own to the source code and other improvements made to our largest-selling product since 1999 has not been registered, which means that we may not rely upon the otherwise existing advantage of a rebuttable presumption of ownership in the event of, and in connection with, any such litigation. See “Description of Business – Intellectual Property”.

Our exclusive rights to publish and sell our largest-selling titles are limited to non-secular channels.

Approximately 96% of our revenues in 2009, including those generated from sales of QuickVerse®, by far our largest selling software title, was derived from the publication and sale of software titles to which we have only the exclusive license to publish and sell into non-secular channels. Although, as of the date hereof, we do not believe that any third parties have been granted rights in addition to our own to publish or sell these titles into secular channels, and we believe that, even if this has occurred or should occur in the future, the barriers to entry created by the extensive developments that we have made and now own to these otherwise licensed titles would make it practically infeasible for any third party to effectively compete with us in relation to these products in any market, there can be no assurance that one or more competitors will not emerge at some point or that they will not adversely impact our sales and revenues. See “Description of Business – Intellectual Property”.

If our products infringe any proprietary rights of others, a lawsuit may be brought against us that could require us to pay large legal expenses and judgments and redesign or discontinue selling one or more of our products.

We are not aware of any circumstances under which our products infringe upon any valid existing proprietary rights of third parties. Any infringement claims, however, whether or not meritorious, could result in costly litigation or require us to enter into royalty or licensing agreements. If we are found to have infringed the proprietary rights of others, we could be required to pay damages, redesign the products or discontinue their sale. Any of these outcomes, individually or collectively, could have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations.

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Revenue from our consumer products varies due to the seasonal nature of consumer software purchases.

Our consumer products business is highly seasonal. More than 50% of our annual sales in this category are expected to occur in the five months of September through January; the five months of April through August have historically been our weakest, typically generating less than 30% of our annual sales. The seasonal pattern in this regard is due primarily to the increased consumer demand for software during the year-end holiday selling season and the reduced demand for software during the summer months. Historically, our revenues have varied significantly and been materially affected by releases of popular titles and title versions and, accordingly, may not necessarily reflect the seasonal patterns of the industry as a whole. Although we believe that a shifting strategy toward more business-oriented products over time is likely to reduce the seasonality of our business generally, we expect that operating results will continue to fluctuate seasonally to some degree for the foreseeable future.

## RISKS ASSOCIATED WITH AN INVESTMENT IN OUR COMMON STOCK

Unless an active trading market develops for our common stock, you may not be able to sell your shares.

We are a reporting company and our common stock is listed on the OTC Bulletin Board (owned and operated by the Nasdaq Stock Market, Inc.), however, there is no active trading market for our common stock. There can be no assurance that an active trading market will ever develop for our common stock or, if it does develop, that it will be maintained. Failure to develop or maintain an active trading market will have a generally negative effect on the price of our common stock, and you may be unable to sell your shares or any attempted sale of such shares may have the effect of lowering the market price, and therefore your investment could be a complete or partial loss.

Unless and until we garner analyst research coverage, we are unlikely to create long-term market value in our common stock.

Although we are a reporting company and our common shares are listed on the OTC Bulletin Board, we are unaware of any investment banking firms, large or small, that currently provide analyst research coverage on our company and, given our relatively small size within the public securities markets, it is unlikely that any investment banks will begin doing so in the near future. Without continuing research coverage by reputable investment banks or similar firms, it is considerably more difficult, and unlikely, to attract the interest of most institutional investors, which are generally considered to be very important in achieving a desirable balance in shareholder composition and long-term market value in a stock. While we intend to continue to aggressively pursue investor relations initiatives designed to create visibility for our company and common stock, and hope to garner analyst coverage in the future, there can be no assurance that we will succeed in this regard and any inability on our part to develop such coverage is likely to materially impede the realization of long-term market value in our common stock.

Since our common stock is thinly traded, it is more susceptible to extreme rises or declines in price, and you may not be able to sell your shares at or above the price you paid.

You may have difficulty reselling shares of our common stock, either at or above the price you paid, or even at a fair market value. The stock markets often experience significant price and volume changes that are not related to the operating performance of individual companies, and because our common stock is thinly traded, it is particularly susceptible to such changes. These broad market changes may cause the market price of our common stock to decline regardless of how well we perform as a company, and, depending on when you determine to sell, you may not be able to obtain a price at or above the price you paid.

Trading in our common stock on the OTC Bulletin Board may be limited thereby making it more difficult for you to resell any shares you may own.

Our common stock trades on the OTC Bulletin Board. The OTC Bulletin Board is not an exchange and, because trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a national exchange or on the Nasdaq Global Select Market, you may have difficulty reselling any of the shares of our common stock that you purchase from the selling stockholders.

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Our common stock is subject to the “penny stock” regulations, which is likely to make it more difficult to sell.

Our common stock is considered a “penny stock”, which generally is a stock trading under \$5.00 and not registered on any national securities exchanges. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. This regulation generally has the result of reducing trading in such stocks, restricting the pool of potential investors for such stocks, and making it more difficult for investors to sell their shares. Prior to a transaction in a penny stock, a broker-dealer is required to:

- deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market;
- provide the customer with current bid and offer quotations for the penny stock;
- explain the compensation of the broker-dealer and its salesperson in the transaction;
- provide monthly account statements showing the market value of each penny stock held in the customer’s account; and
- make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction.

These requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to the penny stock rules. Since our common stock is subject to the penny stock rules, investors in our common stock may find it more difficult to sell their shares.

As an issuer of “penny stock,” we do not currently benefit from the protection provided by the federal securities laws relating to forward-looking statements.

Although, generally, federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of penny stocks. As a result, and since our common stock has consistently traded in recent years at a level at which it is considered to constitute a “penny stock”, we do not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that any material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading. Such an action could hurt our financial condition.

Our stock price could be volatile, and your investment could suffer a decline in value.

The trading price of our common stock is likely to be highly volatile and could be subject to extreme fluctuations in price in response to various factors, many of which are beyond our control, including:

- the trading volume of our shares;
- the number of securities analysts, market-makers and brokers following our common stock;
- changes in, or failure to achieve, financial estimates by securities analysts;
- new products introduced or announced by us or our competitors;
- announcements of technological innovations by us or our competitors;
- our ability to produce and distribute retail packaged versions of our software in advance of peak retail selling seasons;
- actual or anticipated variations in quarterly operating results;
- conditions or trends in the consumer software and/or Christian products industries;
- announcements by us of significant acquisitions, strategic partnerships, joint ventures, or capital commitments;
- additions or departures of key personnel;

sales of our common stock; and  
stock market price and volume fluctuations of publicly-traded, particularly microcap, companies  
generally.

The volatility of our common stock is illustrated by reference to the fact that, during fiscal year 2009, our trading price fluctuated from a low of \$0.003 to a high of \$0.045 per share.

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The stock market has recently experienced significant price and volume fluctuations. Volatility in the market price for particular companies has often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. In addition, securities class action litigation has often been initiated following periods of volatility in the market price of a company's securities. A securities class action suit against us could result in substantial costs, potential liabilities and the diversion of management's attention and resources from our business. Moreover, and as noted above, our shares are currently traded on the OTC Bulletin Board and, further, are subject to the penny stock regulation. Price fluctuations in such shares are particularly volatile and subject to manipulation by market-makers, short-sellers and option traders.

Future sales of our common stock by our officers or directors may depress our stock price.

Our officers and directors are not contractually obligated to refrain from selling any of their shares; therefore, our officers and directors may sell any shares owned by them which are registered under the Securities Act, or which otherwise may be sold without registration to the extent permitted by Rule 144 or other exemptions. Because of the perception by the investing public that a sale by such insiders may be reflective of their own lack of confidence in our prospects, the market price of our common stock could decline as a result of a sell-off following sales of substantial amounts of common stock by our officers and directors into the public market, or even the mere perception that these sales could occur.

Future issuances of our common or preferred stock may depress our stock price and dilute your interest.

We may want to issue additional shares of our common stock in future financings and may grant stock options to our employees, officers, directors and consultants under our stock incentive plan. Any such issuances could have the effect of depressing the market price of our common stock and, in any case, would dilute the interests of our common stockholders. In addition, we could issue serial preferred stock having rights, preferences and privileges senior to those of our common stock, including the right to receive dividends and/or preferences upon liquidation, dissolution or winding-up in excess of, or prior to, the rights of the holders of our common stock. This could depress the value of our common stock and could reduce or eliminate the amounts that would otherwise have been available to pay dividends on our common stock (which are unlikely in any case) or to make distributions on liquidation.

If you require dividend income, you should not rely on an investment in our common stock.

Because we have very limited cash resources and a substantial accumulated deficit relative to recent earnings, we have not declared or paid any dividends on our common stock since our inception and we do not anticipate declaring or paying any dividends on our common stock in the foreseeable future. Rather, we intend to retain earnings, if any, for the continued operation and expansion of our business. It is unlikely, therefore, that holders of our common stock will have an opportunity to profit from anything other than potential appreciation in the value of our common stock held by them. If you require dividend income, you should not rely on an investment in our common stock.

### ITEM 1B. UNRESOLVED STAFF COMMENTS.

There were no reportable events under this Item 1B during the fiscal year ended December 31, 2009.

### ITEM 2. PROPERTIES.

Our principal executive offices are located at 620 North 129th Street, Omaha, Nebraska. We lease this 4,000 square foot premises under a five year lease agreement with Metro Realty. Our monthly rent is \$5,480.33 and, as of April 7, 2010, there were approximately twenty-five months remaining under the lease. In addition, our warehouse facility is



located at 4437 South 134th Street, Omaha, Nebraska. We lease this 5,000 square foot facility under a three year lease agreement with Dock High, LLC. Our monthly rent is \$2,591.17 and, as of April 7, 2010, there were approximately two months remaining under the lease. In accordance with the terms of these leasehold agreements, we are responsible for all associated taxes, insurance, and utility expenses.

As of April 7, two of our full-time employees work at their homes in Naperville, Illinois. We do not pay for any space associated with these operations.

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ITEM 3. LEGAL PROCEEDINGS.

As of the date of this annual report on Form 10-K for the fiscal year ended December 31, 2009, and to the best knowledge of our officers and directors, 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.

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

No matters were submitted to a vote of our stockholders during the fourth quarter of the fiscal year ended December 31, 2009.

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## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

## MARKET INFORMATION

Our common stock is traded on the OTC Bulletin Board, a service provided by the Nasdaq Stock Market Inc., under the symbol "FIND".

The following table sets forth for the periods indicated the high and low bid prices for our common stock as reported each quarterly period within the last two fiscal years on the OTC Bulletin Board, and as obtained from NASDAQ.com. The prices are inter-dealer prices, do not include retail mark-up, markdown or commission and may not necessarily represent actual transactions.

Common Stock		
2008	High	Low
First Quarter	\$0.065	\$0.035
Second Quarter	\$0.060	\$0.027
Third Quarter	\$0.040	\$0.020
Fourth Quarter	\$0.030	\$0.021
2009	High	Low
First Quarter	\$0.035	\$0.010
Second Quarter	\$0.029	\$0.021
Third Quarter	\$0.021	\$0.005
Fourth Quarter	\$0.045	\$0.003

## STOCKHOLDERS

As of April 7, 2010, there were approximately 620 holders of record of our common stock, with any shares held by persons or companies in street or nominee name counted only under such street or nominee name.

## DIVIDENDS

Since inception, no dividends have been paid on our common stock and we do not anticipate paying any dividends in the foreseeable future. Although it is our intention to utilize all available funds for the development of our business, no restrictions are in place that would limit or restrict our ability to pay dividends.

## EQUITY COMPENSATION PLAN INFORMATION

Please refer to Part III, Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters as reported in this annual report on Form 10-K for the information regarding our equity compensation plans.

#### RECENT SALES OF UNREGISTERED SECURITIES

There were no previously unreported sales of unregistered securities during the fourth quarter of the fiscal year ended December 31, 2009.

#### PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

There were no purchases of equity securities by the Company itself, or any affiliated purchaser during the fourth quarter of the fiscal year ended December 31, 2009.

#### ITEM 6. SELECTED FINANCIAL DATA.

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

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

The following discussion should be read together with our consolidated financial statements for the period ended December 31, 2009 and the Notes to the Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies, including the assumptions and judgments underlying them, are more fully described in the Notes to the Consolidated Financial Statements. We have consistently applied these policies in all material respects. These policies primarily address matters of expense recognition and revenue recognition, including amortization of software development cost and the calculation of reserve for returns. Investors are cautioned that these policies are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially. Below are the accounting policies that we believe are the most critical in order to gain an understanding of our financial results and condition.

Accounts Receivable

Accounts receivable arise in the normal course of business. It is the policy of management to continuously review the outstanding accounts receivable, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. Individual accounts are charged against the allowance when they are deemed uncollectible.

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. 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 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.

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.

ASC 730, Research and Development, establishes accounting and reporting standards for research and development. In accordance with ASC 730, 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.

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### Revenue Recognition

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

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 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.

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

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.

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. Returns from sales made directly to consumers are accepted within 30 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.

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 consolidated statements of operations.

### Deferred Tax Asset Valuation Allowance

In accordance with ASC 740-30, Other Considerations or Special Areas, we record deferred tax assets for deductible temporary differences, net of operating loss carryforwards. To the extent that it is more likely than not that some portion or all of the deferred tax asset will not be realized, a valuation allowance is established.

## Derivatives

We account for warrants issued with shares of common stock in a private placement in accordance with ASC 815, Derivatives and Hedging. In accordance with the accounting mandate, the derivative liability associated with the warrants is to be adjusted to fair value (calculated using the Black Scholes method) 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. The corresponding fair value adjustment is included in the consolidated statements of operations as other expenses as the value of the warrants increases from an increase in our stock price at the balance sheet date and as other income as the value of the warrants decreases from a decrease in our stock price.



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MANAGEMENT OVERVIEW

During the year ended December 31, 2009, we focused on our two product lines, QuickVerse® and FormTool®, and their individual technological features. Specifically, we focused on expanding the content for both product lines in addition to the annual upgrade release for the QuickVerse® product line. The annual upgrade release of QuickVerse®, QuickVerse® 2010, was released in October 2009, and for the fifth consecutive year, QuickVerse® 2010 reached retail stores prior to the beginning of the holiday season. Furthermore, for the year ended December 31, 2009, we continued to concentrate on building our technology platform and infrastructure in order to become a more Webcentric provider of online products.

QuickVerse®

During the year ended December 31, 2009, our development team worked on a number of projects which resulted in six new content collections for our QuickVerse® product line, an upgrade to our sermon preparation software program, an upgrade to our QuickVerse® Macintosh platform, and an upgrade to our QuickVerse® Windows platform. These titles, along with their corresponding retail prices, include:

- Charles H. Spurgeon Collection with a retail price of \$69.95;
- Early Church Fathers Collection with a retail price of \$149.95;
- QuickVerse® Commentary Series in four different editions each with a retail price of \$19.95;
- Sermon Builder 5.0 with a retail price of \$69.95;
- QuickVerse® Macintosh 3.0 in three different editions with a range in retail price from \$59.95 to \$349.95;
- and
- QuickVerse® 2010 (Windows) in six different editions with a range in retail price from \$39.95 to \$799.95.

Furthermore, our development team finalized a new edition to our quickverse.com website, referred to as our QuickVerse® Knowledgebase. The QuickVerse® Knowledgebase enables users to quickly find and navigate through multiple troubleshooting scenarios online rather than having to call or email our technical support department.

Comparatively, during the year ended December 31, 2008, we released the following:

- H. A. Ironside Collection with a retail price of \$199.95,
- Timothy Dwight Collection with a retail price of \$49.95,
- John Calvin Collection with a retail price of \$49.95,
- Arthur W. Pink Collection with a retail price of \$49.95,
- John Bunyan Collection with a retail price of \$49.95,
- QuickVerse® 2009 (Windows) in six different editions with a range in retail price from \$39.95 to \$799.95;
- QuickVerse® Mobile 4.0 in two different editions with a range in retail price from \$39.95 to \$69.95;
- a free downloadable version of QuickVerse® along with an online tutorial for our QuickVerse® product line; and
- the Books page on our website, [www.quickverse.com](http://www.quickverse.com), which enables our QuickVerse® customers to purchase and immediately download additional content for use within their QuickVerse® software with a range in retail price from \$4.95 to \$249.95.

As we continue to expand and build upon our website technology, we anticipate the number of downloadable options for our QuickVerse® product line to continue to grow substantially over time.



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## FormTool®

During February 2008, we acquired FormTool.com and the FormTool® line of products. The FormTool® product line offers quality, professionally designed forms for business, accounting, construction, sales, real estate, human resources and personal organization needs. In September 2008, we re-launched the FormTool.com website as an online marketplace for purchasing the FormTool® product line, as well as a “one-stop” shop for finding, purchasing and downloading customizable forms for a wide range of business and consumer needs. In addition, FormTool® 7.0, the upgrade release of the FormTool® product line, was released in September 2008. FormTool.com now offers the FormTool® product line in three downloadable editions that range in retail price from \$29.99 to \$199.99 as well as downloadable forms on an individual basis or in bulk groups.

During the year ended December 31, 2009, we began revamping our website for our FormTool® product line in order to add greater functionality to the website. Although there can be no assurance, this revamped website is scheduled to be launched in the first quarter of 2010.

## RESULTS OF OPERATIONS FOR YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

Statements of Operations for Years Ended December 31			
	2009	2008	Change
Net revenues	\$ 2,113,840	\$ 2,414,427	\$ (300,587)
Cost of sales	(785,840 )	(1,005,781)	219,941
Gross profit	\$ 1,328,000	\$ 1,408,646	\$ (80,646 )
Sales, marketing and general and administrative expenses	(1,947,530)	(2,557,475)	609,945
Loss from operations	\$ (619,530 )	\$ (1,148,829)	\$ 529,299
Gain on fair value adjustment of derivatives	---	305,620	(305,620)
Gain on debt settlement	1,300	491,931	(490,631)
Other income	3,345	20,950	(17,605 )
Interest expense	(26,203 )	(26,560 )	357
Loss before income taxes	\$ (641,088 )	\$ (356,888 )	\$ (284,200)
Income tax (provision)	---	---	---
Net loss	\$ (641,088 )	\$ (356,888 )	\$ (284,200)

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

a decrease in net revenues for the year ended December 31, 2009 partly attributable to the following:

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

a decrease in cost of sales for the year ended December 31, 2009 due primarily to decreased direct costs and amortization of software development costs;

a decrease in sales, marketing and general and administrative expenses for the year ended December 31, 2009 arising from our continuous efforts to cut costs; and

most notably for the year ended December 31, 2008:

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

price; and

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

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

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## Revenues

The following table presents our revenues for 2009 and 2008 and dollar and percentage changes from the prior year.

					Change	
Revenues for Years Ended December 31	2009	% to Sales	2008	% to Sales	\$	%
Gross revenues	\$2,428,907	100%	\$2,720,930	100%	\$(292,023)	11%
Less estimated sales returns and allowances	(315,067 )	13 %	(306,503 )	11 %	(8,564 )	3 %
Net revenues	\$2,113,840	87 %	\$2,414,427	89 %	\$(300,587)	12%

During each of the years ended December 31, 2009 and 2008, our sales efforts were primarily focused on directly targeting end-users through telemarketing and Internet sales. Due to our increased product stability and the consistency in our development schedule in regards to the annual release of our flagship product, QuickVerse®, upgrade sales have not been increasing at as rapid a rate as they have in previous years; and therefore, we experienced a decrease in gross revenues for the year ended December 31, 2009. Furthermore, we experienced a decrease in our gross revenues due to the decreased number of product releases during the year ended December 31, 2009 compared to those released in previous years. Finally, we believe we experienced a decrease in our retail sales due to the current economic downturn. Although there can be no assurance, we anticipate that our revenues in the future related to the QuickVerse® product line will remain consistent with our 2009 quarterly and annual figures as we continue to expand the content made available for our QuickVerse® products, develop new products for multiple platforms, offer our products at a range of price points intended to appeal to various market sub-segments and offer new venues to gain access to the expanded content available for our QuickVerse® customers.

However, during the year ended December 31, 2009, we did recognize an increase in revenue from the FormTool® product line, which we acquired in February 2008, of approximately \$13,000 from approximately \$78,000 for the year ended December 31, 2008 to approximately \$91,000 for the year ended December 31, 2009. We do anticipate our revenues in relation to the FormTool® product line to increase in the near-term based on our anticipated enhancements of the revamped FormTool.com website and our continued sales of the upgrade release of the FormTool® 7.0 desktop product line which was released in September 2008.

As a percentage of gross revenues, our sales returns and allowances increased for the year ended December 31, 2009 compared to December 31, 2008. Typically, product returns trend upward after a new version is released as distributors and retail stores return old product in exchange for the new version release. During the first three months of the year ended December 31, 2009, distributors and retail stores finalized a large portion of their old product exchange of QuickVerse® 2008 for the then new version release QuickVerse® 2009. This was also true for the third quarter of the year ended December 31, 2009, in relation to the new version release of QuickVerse® Macintosh 3.0. Distributors and retail stores then began their old product exchange of QuickVerse® 2009 for the newest version release QuickVerse® 2010 during the last three months of the year ended December 31, 2009, which was generally a bit earlier compared to years past. Finally, for the year ended December 31, 2009 we increased our reserve of sales

returns due to the current economic environment. Generally going forward, it is our objective to release enhanced versions of our biggest-selling products on an annual basis, and as a percentage of gross revenues we anticipate sales returns and allowances to decrease over time as a result of increased stability in the functionality of our products, decreasing reliance on retail sales and increasing reliance on direct sales, which have historically resulted in fewer returns, and improved planning in the timing of new product version releases.

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Cost of Sales

The following table presents our cost of sales for 2009 and 2008 and dollar and percentage changes from the prior year.

				Change	
Cost of Sales for		% to	% to		
Years Ended	2009	Sales	2008	Sales	\$ %
December 31					
Direct costs	\$ 204,804	8 %			