FINDEX COM INC
Form 10-Q
November 19, 2013

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

OR

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

For the transition period from __________ to __________.

Commission file number: 0-29963

FINDEX.COM, INC.

(Exact name of registrant as specified in its charter)

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

(402) 333-1900

(Registrant's telephone number, including area code)

N/A

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

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

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

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

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

At November 19, 2013 the registrant had outstanding 103,635,060 shares of common stock, of which there is only a single class.

FINDEX.COM, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR FISCAL QUARTER ENDED SEPTEMBER 30, 2013

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 442	$ 8,751
Accounts receivable, trade, net	2,699	920
Receivable, in escrow, net	25,000	36,957
Inventories, net	493	2,578
Other current assets	2,343	2,537
Total current assets	30,977	51,743
Property and equipment, net	151	868
Intangible assets, net	26,311	71,169
Total assets	$ 57,439	$ 123,780
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Current portion of term debt	$ 28,783	$ 28,783
Accounts payable, trade	162,171	110,982
Accounts payable, related party	38,351	15,062
Accrued royalties	49,268	48,955
Accrued payroll	98,113	27,328
Other current liabilities	41,616	21,207
Other current liabilities from discontinued operations	114,368	114,368
Total current liabilities	532,670	366,685
Long-term debt, net	---	---
Deferred income taxes, net	---	---
Commitments and contingencies (Note 10)		
Stockholders' equity (deficit):		
Preferred stock, $.001 par value		
5,000,000 shares authorized		
-0- and -0- shares issued and outstanding, respectively		
Common stock, $.001 par value		
120,000,000 shares authorized,		
103,635,060 and 103,635,060 shares issued and outstanding, respectively	103,635	103,635
Paid-in capital	8,217,335	8,217,335
Retained (deficit)	(8,796,201)	(8,563,875)
Total stockholders' equity (deficit)	(475,231)	(242,905)
Total liabilities and stockholders' equity (deficit)	$ 57,439	$ 123,780

See accompanying notes.

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

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Revenues, net of reserves and allowances	$ 4,398	$ 17,518	$ 12,962	$ 44,663
Cost of sales	129	6,496	2,383	9,320
Gross profit	4,269	11,022	10,579	35,343
Operating expenses:				
Sales and marketing	180	994	1,638	2,573
General and administrative	57,497	74,558	207,534	305,963
Bad debt expense	---	(200)	---	(100)
Impairment expense	---	---	33,561	18,781
Total operating expenses	57,677	75,352	242,733	327,217
Loss from operations	(53,409)	(64,330)	(232,154)	(291,874)
Other income (expenses), net	(1,474)	(1,003)	(3,839)	(2,802)
Gain on intangible asset	13,000	---	13,000	---
Gain on debt settlement	---	---	---	28,504
Loss from continuing operations before income taxes	(41,883)	(65,333)	(222,993)	(266,172)
Income tax benefit	---	---	---	---
Loss from continuing operations	$ (41,883)	$ (65,333)	$ (222,993)	$ (266,172)
Discontinued operations (Note 12):				
Income (loss) from operations of discontinued component	25,000	---	(9,336)	26,087
Income tax (provision)	---	---	---	---
Income (loss) from discontinued operations, net of taxes	25,000	---	(9,336)	26,087
Net loss	$ (16,883)	$ (65,333)	$ (232,329)	$ (240,085)
Net earnings (loss) per share - Basic & Diluted:				
Net loss per share from continuing operations	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Net loss per share from discontinued operations	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Net loss per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Weighted average shares outstanding:				
Weighted average shares used in computing basic and	103,635,060	77,993,935	103,635,060	77,993,935

diluted income (loss) per share

See accompanying notes.

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

Nine Months Ended September 30,		2013		2012
Cash flows from operating activities:				
Cash received from customers	$	13,804	$	60,863
Cash paid to suppliers and employees		(33,787)		(214,926)
Other operating activities, net		(1,327)		(411)
Net cash (used) by operating activities		(21,310)		(154,474)
Cash flows from investing activities:				
Proceeds from sale of software product line		13,000		---
Net cash provided by investing activities		13,000		---
Cash flows from financing activities:				
Payments made on term debt		---		(4,405)
Net cash (used) by financing activities		---		(4,405)
Net (decrease) in cash and cash equivalents		(8,310)		(158,879)
Cash and cash equivalents, beginning of period		8,751		161,629
Cash and cash equivalents, end of period	$	442	$	2,750
Reconciliation of net loss to cash flows from continuing and discontinued operating activities:				
Net loss	$	(232,329)	$	(240,085)
Adjustments to reconcile net loss to net cash used by operating activities:				
Depreciation & amortization		12,014		16,274
Bad debts provision		9,336		(100)
Loss on sale of property and equipment		---		150
(Gain) on debt settlement		---		(54,591)
(Gain) on intangible asset		(13,000)		---
Loss on impairment expense		33,561		18,781
Change in assets and liabilities:				
Decrease in accounts receivable		842		17,350
Decrease in inventories		2,085		2,024
Decrease in other current assets		193		12,306
Increase (decrease) in accrued royalties		313		(6,081)
Increase in accounts payable		74,480		17,502
Increase in other liabilities		91,196		61,996
Net cash (used) provided by operating activities	$	(21,310)	$	(154,474)

See accompanying notes.

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Findex.com, Inc.
Notes to Condensed Consolidated Financial Statements
September 30, 2013
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for the full year or for any future period. The December 31, 2012 condensed consolidated balance sheet was derived from our audited financial statements at that date. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-K for the year ended December 31, 2012.

RECLASSIFACTIONS

Certain accounts in our 2012 financial statements have been reclassified for comparative purposes to conform with the presentation in our 2013 financial statements.

DISCONTINUED OPERATIONS

On May 5, 2011, we entered into a Software Product Line Purchase Agreement with WORDsearch Corp., L.L.C. In accordance with the Software Product Line Purchase Agreement, WORDsearch agreed to acquire from us all of the assets associated with the QuickVerse® product line which centered around our industry-leading Bible-study software program. The specific assets conveyed include, among others, the underlying software source code, registered trade names, and existing product inventories. As a result, we have classified this asset as well as all revenues and expenses directly related to the QuickVerse® product line as discontinued operations. See Note 13.

INTANGIBLE ASSETS

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

SOFTWARE DEVELOPMENT COSTS

In accordance with ASC 985-20-25, Costs of Software to Be Sold, Leased, or Marketed, software development costs are expensed as incurred until technological feasibility and marketability has been established, generally with release of a beta version for customer testing. Once the point of technological feasibility and marketability is reached, direct production costs (including labor directly associated with the development projects), indirect costs (including allocated fringe benefits, payroll taxes, facilities costs, and management supervision), and other direct costs (including costs of outside consultants, purchased software to be included in the software product being developed, travel expenses, material and supplies, and other direct costs) are capitalized until the product is available for general release to customers. We amortize capitalized costs on a product-by-product basis. Amortization for each period is the greater of the amount computed using (i) the straight-line basis over the estimated product life (generally from 12 to 18 months, but up to 60 months), or (ii) the ratio of current revenues to total projected product revenues. We did not recognize any capitalized software development costs or associated accumulated amortization for the nine months end September 30, 2013 and 2012, respectively.

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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. We did not recognize any impairment expense for the nine months ended September 30, 2013 and 2012, respectively.

ASC 730, Research and Development, established accounting and reporting standards for research and development. In accordance with ASC 730-10, costs we incur to enhance our existing products after general release to the public (bug fixes) are expensed in the period they are incurred and included in research and development costs. Research and development costs incurred prior to determination of technological feasibility and marketability and after general release to the public and charged to expense were $- and - for the nine months ended September 30, 2013 and 2012, respectively, included in general and administrative expenses of discontinued operations.

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

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

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

Capitalized costs include those incurred to:

- obtain and register an Internet domain name,
- develop or acquire software tools necessary for the development work,
- develop or acquire software necessary for general website operations,
- develop or acquire code for web applications,
- develop or acquire (and customize) database software and software to integrate applications such as corporate databases and accounting systems into web applications,
- develop HTML web pages or templates,
- install developed applications on the web server,
- create initial hypertext links to other websites or other locations within the website, and
- test the website applications.

We amortize website development costs on a straight-line basis over the estimated life of the site, generally 36 months. Total cumulative website development costs, included in Other assets from continuing operations on our condensed consolidated balance sheets, were $-, less accumulated amortization of $- at September 30, 2013. As a result of the decision to postpone indefinitely the plan to revamp our FormTool.com website due to a lack of available financial and human resources, we have written down capitalized website developments costs and have recorded an impairment expense of $18,781 in continuing operations for the nine months ended September 30, 2012. See Note 7.

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REVENUE RECOGNITION

Within our operations as a whole, including those operations now classified as discontinued operations, 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 collectability is probable.

In some situations, we receive advance payments from our customers. We defer revenue associated with these advance payments until we ship the products or offer the support. During the quarter ended March 31, 2012, we received an advance payment of $15,000 as part of an amended licensing agreement with a certain publisher whom sells our FormTool® product line. The advanced payment was to be applied against future royalties owed to us by the publisher for sales generated from the FormTool® product line. During the nine months ended September 30, 2012, sales exceeded the royalty advance payment of $15,000; and therefore, the deferred revenue had been fully recognized. Finally, the amended licensing agreement also extended the initial term of the agreement by three years.

EARNINGS PER SHARE

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

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

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

For the Three Months Ended September 30,	2013	2012
Net loss from continuing operations	$ (41,833)	$ (65,333)
Preferred stock dividends	---	---
Net loss available to common shareholders	$ (41,833)	$ (65,333)

Net income from discontinued operations	$	25,000	$	---
Preferred stock dividends		---		---
Net income available to common shareholders	$	25,000	$	---
Basic weighted average shares outstanding		103,635,060		77,993,935
Dilutive effect of:				
Stock options		---		---
Warrants		---		---
Diluted weighted average shares outstanding		103,635,060		77,993,935

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For the Nine Months Ended September 30,		2013		2012
Net loss from continuing operations	$	(222,993)	$	(266,172)
Preferred stock dividends		---		---
Net loss available to common shareholders	$	(222,993)	$	(266,172)
Net income (loss) from discontinued operations	$	(9,336)	$	26,087
Preferred stock dividends		---		---
Net income available to common shareholders	$	(9,336)	$	26,087
Basic weighted average shares outstanding		103,635,060		77,993,935
Dilutive effect of:				
Stock options		---		---
Warrants		---		---
Diluted weighted average shares outstanding		103,635,060		77,993,935

RECENT ACCOUNTING PRONOUNCEMENTS

At September 30, 2013, there were no recent accounting pronouncements that we believe would have a material impact on our consolidated financial statements.

NOTE 2 – GOING CONCERN

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States applicable to a going concern. As of September 30, 2013, we had a net loss of $232,329 and negative working capital of $501,693, and an accumulated deficit of $8,796,201 and $8,563,875 as of September 30, 2013 and December 31, 2012, respectively. Although these factors raise substantial doubt as to our ability to continue as a going concern through December 31, 2013, we are taking several actions intended to mitigate against this risk. These actions include pursuing mergers and acquisitions that will provide profitable operations and positive operating cash flow.

NOTE 3 – RECEIVABLE, IN ESCROW

At September 30, 2013, and 2012, respectively we had Receivable, in escrow, net in the amounts of $25,000 and $36,957 held in escrow by WORDsearch Corp., L.L.C. As part of the Software Product Line Purchase Agreement for the sale of our QuickVerse® product line, it was agreed that WORDsearch would hold a portion of the original purchase price of $975,000 in cash in escrow. These funds were to be held for settlement agreements reached with certain of our royalty content providers pursuant to which reductions in the total accrued royalty balance owed by us to them were to be finalized, which agreements were part of a broad initiative on our part arising in connection with our sale to WORDsearch of our QuickVerse® product line. During the nine months ended September 30, 2013, we had made multiple attempts to contact the principals of WORDsearch to recover the remaining escrow of the $975,000 purchase price which had gone unanswered by the principals of WORDsearch. In November 2013, we were finally able to come to an agreement with the principals of WORDsearch which resulted in a settlement amount of $25,000 for the remaining escrow of the purchase price. The difference of $9,336 has been reserved under Bad debt expense from discontinued operations for the nine months ended September 30, 2013. See Note 13.

NOTE 4 – INVENTORIES

At September 30, 2013, inventories consisted of the following:

Raw materials	$2,250
Finished goods	2,567
Less reserve for obsolete inventory	(4,324)
Inventories	$493

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NOTE 5 – RESERVES AND ALLOWANCES

At September 30, 2013, the allowance for doubtful accounts included in Accounts receivable, trade, net, consisted of the following:

Balance December 31, 2012	$400
Bad debts provision	---
Accounts written off	---
Collection of accounts previously written off	---
Balance September 30, 2013	$400

At September 30, 2013, the reserve for obsolete inventory included in Inventories consisted of the following:

Balance December 31, 2012	$2,275
Provision for obsolete inventory	2,049
Obsolete inventory written off	---
Reserve for obsolete inventory from discontinued operations	---
Balance September 30, 2013	$4,324

At September 30, 2013, the reserve for sales returns included in Other current liabilities consisted of the following:

Balance December 31, 2012	$200
Return provision – sales	---
Return provision – cost of sales	---
Returns processed	---
Balance September 30, 2013	$200

NOTE 6 – DEBT

At September 30, 2013, the current portion of debt consisted of the following:

Unsecured term note payable to a former shareholder due January 2012, plus interest at 5% APR. Interest on overdue principal accruing at 10% APR.	$28,783
Current portion of debt	$28,783

At September 30, 2013, we were in arrears on the unsecured term notes payable to the former shareholder.

NOTE 7 – IMPAIRMENT EXPENSE

For the nine months ended September 30, 2013 and 2012, respectively, we tested for impairment certain intangible assets associated with the FormTool® product line. During the nine months ended September 30, 2013, we experienced a sharp decline in revenue derived from our FormTool product line. Furthermore, during the nine months ended September 30, 2012, the decision was made to postpone indefinitely the plan to revamp our FormTool.com website due to a lack of available financial and human resources. In accordance with ASC 360-10-35, Property, Plant, and Equipment, Overall, Subsequent Measurement, we recognized a total impairment expense of $33,561 and $18,781 during the nine months ended September 30, 2013 and 2012, respectively, for the intangible assets. This has been treated as an operating expense and included in Impairment expense on our Condensed Consolidated Statement of Operations.

NOTE 8 – GAIN ON INTANGIBLE ASSET

During the nine months ended September 30, 2013, we recognized income from an intangible asset totaling $13,000. This income from an intangible asset results from the sale of the findex.com domain name to a third party in exchange for $13,000.

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NOTE 9 – GAIN ON DEBT SETTLEMNT

During the nine months ended September 30, 2012, we recognized income from debt forgiveness totaling $28,504. This income from debt forgiveness mainly results from settlement agreements involving certain of our vendors whom trade payables were owed by us to them, as well as a settlement with a former employee with whom we had payroll accrued and unpaid from June 2010 through September 2011. This has been treated as a gain from extinguishment of debt and included in Gain on debt settlement on our Condensed Consolidated Statement of Operations.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

We are subject to legal proceedings and claims that may arise in the ordinary course of our business. In the opinion of management, the amount of potential liability we are likely to be found liable for otherwise incur as a result of these actions is not so much as would materially affect our financial condition.

The employment agreement with our Chief Executive Officer expired on April 14, 2010. This agreement was not extended nor is a new agreement being considered. Our Chief Executive Officer, however, has continued to be employed by us on an at-will basis since the expiration of his employment agreement at the following base annual salary rates:

	Chief Executive Officer
Base Annual Salary	$ 75,000

Although the employment agreement has expired, we have accrued the following for our Chief Executive Officer as of September 30, 2013:

	Accrued Base Salary
Included in Accrued Payroll at September 30, 2013	$ 80,737

We have included third-party technology in FormTool® under a contract with a publisher provider that has expired. We are currently pursuing resolution, however, there is no guarantee that we will be able to secure a new agreement, or an extension, and should the publisher demand we cease and desist including their technology, the unknown potential negative impact could be material.

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

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

NOTE 11 – RISKS AND UNCERTAINTIES

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

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NOTE 12 – RELATED PARTY TRANSACTIONS

Our executive officers and employees, from time to time, make purchases of materials and various expense items (including business related travel) in the ordinary course of business via their personal credit cards in lieu of a corporate check for COD orders and/or prior to establishment of a line of credit with a vendor. We do not provide our employees or executive officers with corporate credit cards and reimburse these purchases as quickly as possible. The unpaid expense account balances are included in Accounts payable, related parties on our Condensed Consolidated Balance Sheets.

After the divesture of the QuickVerse® product line in 2011 and as a result largely leaving the Christian publishing space, our Chief Executive Officer entered into a license agreement for an updated version of the ClickArt software program. Given the shift in the company's strategy to focus largely on acquiring or merging with another company and to develop its remaining software assets outside of the Christian space, the board of directors had no objection to the CEO entering into such agreement and felt there was no conflict of interest.

NOTE 13 – DISCONTINUED OPERATIONS

On May 5, 2011, we entered into a Software Product Line Purchase Agreement to sell our QuickVerse® product line to WORDsearch Corp., L.L.C. In accordance with the Software Product Line Purchase Agreement, WORDsearch agreed to acquire from us all of the assets associated with our QuickVerse® product line for $975,000 in cash at closing and the assumption of up to $140,000 of our then-existing liabilities at closing.

On June 30, 2011, closing of the asset sale transaction governed by the Software Product Line Purchase Agreement, which is transitional in nature and expected to be ongoing through approximately the end of April, 2012, commenced. As one of the initial parts of the closing, on July 1, 2011 WORDsearch assumed possession of the physical assets conveyed in the transaction as well as control and responsibility of the business operations related to the QuickVerse® product line, including, among many other things, the receipt of revenues for sales in exchange for partial payment of the cash portion of the purchase price being paid to us. On April 13, 2012, we determined that the final closing conditions under the Software Product Line Purchase Agreement had been met, which meant that we were able to deliver to WORDsearch the last in a series of officer's certificates required thereunder. Having delivered such certificate to WORDsearch on April 13, 2012, the sale of the QuickVerse® product line to WORDsearch was complete. During the nine months ended September 30, 2013, we had made multiple attempts to contact the principals of WORDsearch to recover the remaining escrow of the $975,000 purchase price which had gone unanswered by the principals of WORDsearch. In November 2013, we were finally able to come to an agreement with the principals of WORDsearch which resulted in a settlement amount of $25,000 for the remaining escrow of the purchase price. The difference of $9,336 has been reserved under Bad debt expense from discontinued operations for the nine months ended September 30, 2013. See Note 3.

As a result of the decision to sell the QuickVerse® product line, we have classified this asset as discontinued operations for the nine months ended September 30, 2013 and 2012. We have recorded the remaining class of liabilities for the QuickVerse® product line as presented below:

Other current liabilities from discontinued operations:	September 30, 2013	December 31, 2012
Accrued royalties	$ 114,368	$ 114,368
Other current liabilities from discontinued operations	$ 114,368	$ 114,368

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The following table presents the results of operations of our discontinued operations for the nine months ended September 30, 2013 and 2012:

Nine Months Ended September 30,	2013	2012
Gross revenues	$ ---	$ ---
Less estimated sales returns and allowances	---	---
Net revenues	---	---
Cost of sales	---	---
Gross profit	---	---
Operating expenses:		
Advertising and direct marketing	---	---
Sales and marketing wages	---	---
Bad debt expense	9,336	---
Total sales and marketing	9,336	---
Research and development	---	---
Rent	---	---
Other general and administrative costs	---	---
Total general and administrative	---	---
Loss from operations of discontinued component	(9,336)	---
Gain on sale of software product line	---	---
Impairment expense	---	---
Gain on debt settlement	---	26,087
Income tax (provision)	---	---
Income (loss) from discontinued operations, net of taxes	$ (9,336)	$ 26,087

For the nine months ended September 30, 2013, the bad debt expense within our discontinued operations results from the settlement agreement with WORDsearch for the remaining escrow of the $975,000 purchase price for the Software Product Line Purchase Agreement to sell our QuickVerse® product line. For the nine months ended September 30, 2012, the gain on debt settlement within our discontinued operations results from settlement agreements reached with certain of our royalty content providers pursuant to which reductions in the total accrued royalty balance owed by us to them were finalized, which agreements were part of a broad initiative on our part arising in connection with our sale to WORDsearch of our QuickVerse® product line.

NOTE 14 – SUBSEQUENT EVENTS

In October 2013, we entered into a binding Letter of Intent with The Renewable Corporation, a Washington corporation ("TRC"). Pursuant to the Letter of Intent, we have agreed to enter into a series of transactions pursuant to which we will issue what will amount to approximately eighty percent (80%) of our common stock in exchange for either all of the assets of EcoSmart Surface and Coating Technologies, Inc., a Florida corporation and a wholly owned subsidiary of TRC ("EcoSmart"), or, if the transactions are structured differently, all of the capital stock of EcoSmart. Although subject to various contingencies, including the finalization and entering into of a set of definitive legal agreements and due diligence investigations, if and when consummated, the transactions would result in a change of control and fundamental restructuring of the Company, including not only our board of directors and operating officers, but also our business operations and strategic direction.

EcoSmart was established in 2012, and is based in Lake Park, Florida. It has developed state of the art industrial coatings which comprise over fifteen specialty coatings that have a wide range of uses in industrial, commercial and residential sectors. EcoSmart specializes in organic and inorganic coatings by using an Eco-Nanobond™ technology that allows for vast multi-surface applications. EcoSmart has also developed a "patent pending" process that fully encapsulates harmful VAT asbestos tile. The business is divided into two operating divisions: the coatings division and the surfaces division.

In addition to the basic terms of the Transactions, the letter of intent includes requirements relating to the reconstitution of our board of directors. Specifically, and subject to the terms of the definitive agreements if and when executed, our two current board members will remain, and the board will be re-constituted so as to contain three nominees of TRC. In accordance with the letter of intent, any definitive agreements will also contain customary representations, warranties, covenants, indemnities and other agreements associated with similar transactions.

In November 2013, we were finally able to come to an agreement with the principals of WORDsearch which resulted in a settlement amount of $25,000 for the remaining escrow of the $975,000 purchase price for the Software Product Line Purchase Agreement to sell our QuickVerse® product line. The difference of $9,336 has been reserved under Bad debt expense from discontinued operations for the nine months ended September 30, 2013. See Note 13.

The date to which events occurring after September 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is November 19, 2013, which is the date on which the financial statements were available to be issued.

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

Cautionary Statement Regarding Forward-Looking Statements

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

This information should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included in Item 1 of Part I of this quarterly report, and our audited financial statements and the notes thereto and our Management's Discussion and Analysis of Financial Condition and Results of Operation contained in our annual report on Form 10-K for the fiscal year ended December 31, 2012.

Description of Business

Since 1999, our business has been developing, publishing, marketing, distributing and direct-selling off-the-shelf consumer and organizational software products for the Windows platform. Following divestitures of two software titles which had consistently accounted for the overwhelming majority of our revenues while owned by us, including our Membership Plus® product line, which we sold in late 2007, and our flagship QuickVerse® product line, which we sold during 2011, and title acquisitions during the same period that, in the aggregate, have been relatively insignificant in offsetting the loss of revenues associated with those divestitures, our continuing operations, while not nominal, are currently very limited and insubstantial in terms of revenue, both relative to what they had been prior thereto and by any appropriate standalone measure. Specifically, our current operations consist exclusively of those relating to FormTool.com and its related line of products which we acquired in February 2008, as well as two language tutorial products, which were retained after the sale of the QuickVerse® product line.

Beyond our current software business, a current principal focus of ours surrounds, and has increasingly surrounded for some time, the identification and evaluation of what we perceive as our best broader-range strategic options for realizing the most favorable economic outcome for our shareholders, and ultimately the selection and pursuit of one or more of those options. With very different though similarly difficult-to-meaningfully-forecast capital allocation considerations, the options under consideration in this regard have included the pursuit of a business combination transaction involving a potential merger or acquisition aimed at revenue re-development and long-term growth, on the one hand, and liquidation and/or winding-down, aimed in the very different direction of business cessation, on the other. Unless and until we determine to liquidate and/or wind down, we will continue to be largely focused on acquiring or merging with another operating company.

Management Overview

During the nine months ended September 30, 2013, there were no new developments to the FormTool® product line in regards to either the software program itself or the dedicated website. Although we formulated plans prior to 2013 to develop a new version of our FormTool® software package as well as to undertake a cosmetic and functional makeover of the related marketing website, and executing such plans remains a relatively high priority, our ability to do so has been dependent, among other things, on our having available the requisite financial resources, which, to date, we have not, and which, looking ahead, is highly uncertain. At this time, and given these financial constraints, we are unable to provide any estimate in terms of our completing either the FormTool® product and/or website updates that we believe ought be meaningfully relied upon, and, moreover, there can be no assurance that, should financial resources become available, we will continue to be of a view that FormTool® is worthy of further investment as a business line given the current uncertainties surrounding our broader strategic objectives.

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During the nine months ended September 30, 2013, we continued to market and sell our two language tutorial products, Greek Tutor™ and Hebrew Tutor™, to retail stores as well as to end users. With sales on the decline, we believe that these software programs, too, are in need of updating both for general market perception purposes and because of their current incompatibility with some of the newer platform technologies that have been widely adopted throughout the broader consumer software market. Given the same financial constraints that have been and are likely to continue to impede advancements in our FormTool® line, however, there can be no assurance that we will be able to initiate and/or complete any such update in the foreseeable future.

A key focus of management during the nine months ended September 30, 2013 centered on reducing our ongoing operational expenses, including personnel, sales and marketing, and general overhead. Simultaneously, and moving forward, management is concentrated on the strategic determination to begin a long-term shift in our product lines away from those within the faith-based vertical market and more towards those that extend across the business and consumer segments more generally.

Near-term liquidity poses a continuous challenge to us and is expected to continue to do so for the foreseeable future. And the need to find ways to stretch our very limited economic resources places ongoing strains on our very limited human resources.

Results of Continuing Operations for Nine Months Ending September 30, 2013 and September 30, 2012

Statements of Continuing Operations for Nine Months Ending September 30	2013	2012	Change
Net revenues	$ 12,962	$ 44,663	$ (31,701)
Cost of sales	(2,383)	(9,320)	6,937
Gross profit	$ 10,579	$ 35,343	$ (24,764)
Sales, marketing and general and administrative expenses	(209,172)	(308,536)	99,364
Bad debt expense	---	100	(100)
Impairment expense	(33,561)	(18,781)	(14,780)
Total operating expenses	$ (242,733)	$ (327,217)	$ 84,484
Loss from operations	$ (232,154)	$ (291,874)	$ 59,720
Other income (expenses), net	(3,839)	(2,802)	(1,037)
Gain on intangible asset	13,000	---	13,000
Gain on debt settlement	---	28,504	(28,504)
Loss before income taxes	$ (222,993)	$ (266,172)	$ 43,179
Income tax (provision)	---	---	---
Net loss from continuing operations	$ (222,993)	$ (266,172)	$ 43,179

The differing results of operations are primarily attributable to the following for the nine months ended September 30, 2013:

a decrease in retail sales for our Greek and Hebrew Tutor software products as well as a decrease in sales for our FormTool® product line;

a decrease in cost of sales due to the decrease in our direct costs and freight costs associated with the decrease in our Greek and Hebrew Tutor software product sales; a decrease in royalty expense attributable

to the decrease in sales of the FormTool Pro product line;
a decrease in sales, marketing and general and administrative expenses resulting from our continued cost-cutting initiatives;
an impairment expense related to a valuation decrease in the intangible asset as a result of a sharp decline in revenue derived from the asset;
an increase in gain on intangible asset related to sale of the findex.com domain name to a third party; and
a decrease in gain on debt settlements as we experienced fewer negotiations with vendors to accept a reduction in trade payables owed to them, and debt settlements with customers whom had a credit balance owed to them by us.

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In future periods, and notwithstanding our remaining focus on our FormTool® business and line of language tutorial products, we anticipate a continued reduction to our sales, marketing and general and administrative expenses due to the decision to sell the QuickVerse® product line.

In the past, our software products have been highly seasonal. More than 50% of our annual sales have occurred in the five months of September through January; the five months of April through August have generally been our weakest, generating less than 30% of our annual sales. Although there can be no assurance, our continuing operations may experience the same seasonality as in previous years.

Revenues

The following table presents our revenues for continuing operations for the nine months ended September 30, 2013 and September 30, 2012 and dollar and percentage changes from the prior year.

Revenues for Continuing Operations for Quarters Ending September 30	2013	% to Sales	2012	% to Sales	Change $	Change %
Gross revenues	$ 13,257	100 %	$ 44,451	100 %	$ (31,194)	70 %
Less estim ated sales returns and allowances	(295)	2 %	212	0 %	(507)	239 %
Net revenues	$ 12,962	98 %	$ 44,663	100 %	$ (31,701)	71 %

The decrease in gross revenues for the nine months ended September 30, 2013 was attributable to a sharp fall-off in demand in the retail channel for our FormTool® software products due, we believe, to the lack of relatively recent updating of the products and their lack of compatibility with newer platform technologies. In addition, we lost a major customer whom previously purchased our Greek and Hebrew Tutor software products, Lifeway Christian Resources, when we sold the QuickVerse® product line to WORDsearch, whom is a subsidiary of Lifeway Christian Resources. Although there can be no assurance, and provided we have available to us the necessary investment capital, either internally generated and/or externally infused, which itself cannot be assured, we do anticipate our revenues in relation to the FormTool® product line to grow, at least at a low, single-digit annual percentage rate in the near- to mid-term based on an increase in marketing efforts and the development of the new version of the product.

Cost of Sales

Cost of sales consists primarily of direct costs, royalties accrued to third party providers of intellectual property and the costs associated with reproducing, packaging, and shipping our products. Cost of sales decreased by $6,936 from $9,319 for the nine months ended September 30, 2012 to $2,383 for the nine months ended September 30, 2013. The overall decrease in cost of sales for the nine months ended September 30, 2013 is mainly attributable to the decrease in royalties, direct costs and freight costs. The decrease in royalties, direct costs and freight costs are attributable to the following:

a decrease in royalties due to a decrease in sales for our FormTool® product line;

a portion of our sales in the FormTool® product line were to end users as a downloadable product during the nine months ended September 30, 2013 as compared to slightly more overall retail product sales during the nine months ended September 30, 2012; and

a portion of our sales in the FormTool® product line were generated from our licensing agreement with a certain publisher who sells our FormTool® product line in which we do not incur any direct costs or freight costs.

Although there can be no assurance, we would anticipate our cost of sales to increase in the future in relation to anticipated increases in our revenues for the FormTool® product line.

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Sales, General and Administrative

Sales, General and Administrative Costs for Continuing Operations for Quarters Ending September 30	2013	% to Sales	2012	% to Sales	Change $