INDEX DEVELOPMENT PARTNERS INC
Form 10QSB
November 14, 2002

U.S. Securities and Exchange Commission
Washington, D.C. 20549

Form 10-QSB

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

For the quarterly period ended September 30, 2002

___ 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 1-10932

INDEX DEVELOPMENT PARTNERS, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	13-3487784
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

125 Broad Street, 14th Floor, New York, New York 10004
(Address of principal executive offices)

(212) 742-2277
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: as of November 11, 2002, issuer had outstanding 7,894,552 shares of Common Stock, $.01 par value per share.

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Part I. Financial Information

Item 1. Financial Statements

INDEX DEVELOPMENT PARTNERS, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS	Unaudited September 3 2002
Current assets:	
Cash and cash equivalents	$ 504,
Accounts receivable (net of allowances of $9,387)	72,
Prepaid expenses and other current assets	76,
Total current assets	653,
Property and equipment - net	114,
Security deposits	285,
Other assets	372,
Total assets	$ 1,424,
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	$ 905,
Accrued expenses	65,
Deferred consulting fees and non compete	93,
Total current liabilities	1,065,
Deferred subscription revenue	776,
Total liabilities	1,842,
Stockholders' Equity:	
Preferred stock, $.01 par value, authorized 2,000,000 shares, 7,880 issued and outstanding	
Common stock, $.01 par value; authorized 40,000,000 shares, 7,894,552, issued and outstanding	78,
Additional paid-in capital	33,410,
Warrants	770,
Accumulated deficit	(34,677,
Total stockholders' deficit	(417,
Total liabilities and stockholders' deficit	$ 1,424,

See Notes to Consolidated Condensed Financial Statements

INDEX DEVELOPMENT PARTNERS, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

UNAUDITED

	3 Months Ended September 30,	
	2002	2001
Operating expenses:		
General and administrative	$ 324,617	$ 472,013
Depreciation and amortization	23,055	99,009
Total operating expenses	347,672	571,022
Gain on sale of furniture and fixtures	-	20,355
Impairment of investments		(2,678,546)
Gain on disposition of investments	-	-
Operating loss from continuing operations	(347,672)	(3,229,213)
Investment and other income (Note 2)	2,964	19,214
Net loss from continuing operations	(344,708)	(3,209,999)
Discontinued operations (Note 3)		
Gain from discontinued operations	569,568	2,482,247
Net income (loss)	$ 224,860	$ (727,752)
Basic income (loss) per common share:		
Continuing operations	($0.05)	($0.36)
Discontinued operations	$0.07	$0.28
Net basic income (loss) per share	$0.02	($0.08)
Average number of common shares used in computing basic income (loss) per common share	7,894,552	8,909,661
Dilutive income (loss) per common share:		
Continuing operations	($0.05)	($0.36)
Discontinued operations	$0.07	$0.28
Net dilutive income (loss) per share	$0.02	($0.08)

Average number of common shares used in computing dilutive income (loss) per common share	8,637,948	8,909,661

See Notes to Consolidated Condensed Financial Statements

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CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	UNAUD
	9 Months Ended S
	2002
Cash flows from operating activities:	
Net income (loss)	$ 857,959
Reconciliation of net income (loss) to net cash used in operating activities:	
Gain from discontinued operations	(1,554,674)
Loss from continuing operations	(852,512)
Gain on sale of assets	(70,871)
Gain on diposition of investments	(84,926)
Depreciation and amortization	80,490
Stock option and warrant transactions	(7,574)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	16,577
Prepaid expenses and other current assets	78,401
Security deposits	87,434
Increase (decrease) in:	
Accounts payable and accrued expenses	(188,706)
Net cash used in operating activities	(785,890)
Cash flows from investing activities:	
Purchase of property and equipment	(40,543)
Proceeds from sale of investments	84,926
Proceeds from sale of assets	70,871
Net cash provided by (used in) investing activities	115,254
Cash flows from financing activities:	
Receivables financing	-
Preferred stock dividends	(118,200)
Net cash used in financing activities	(118,200)

Net cash provided by discontinued operations	2,035
Net decrease in cash and cash equivalents	(786,801)
Cash and cash equivalents, beginning of period	1,291,444
Cash and cash equivalents, end of period	$ 504,643

See Notes to Consolidated Condensed Financial Statements

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated condensed financial statements include the accounts of Index Development Partners, Inc. and its subsidiaries (collectively, the "Company") (see Note 2). Such financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial reporting and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes as required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary in order to make the financial statements not misleading have been included. Operating results for the three and nine months ended September 30, 2002 and 2001 are not necessarily indicative of the results that may be expected for the year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report for the year ended December 31, 2001 on Form 10-KSB.

In June 2001, the Financial Accounting Standards Board ("FASB") approved the final standards resulting from its business combinations project. The FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," in July 2001. SFAS No. 141 is effective for any business combination accounted for by the purchase method that is completed after June 30, 2001. SFAS No. 142, which includes the requirements to test goodwill and intangible assets with indefinite lives for impairment, rather than amortize them, will be effective for fiscal years beginning after December 15, 2001. The adoption of SFAS No. 141 and No. 142 did not have a material impact on the financial position, results of operations, or cash flows of the Company.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No.143 on January 1, 2003, and has not yet determined the impact that this

statement will have on its results of operations or financial position.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and establishes accounting and reporting standards for impairment of long-lived assets and long-lived assets to be disposed of by sale. This standard applies to all long-lived assets, including discontinued operations. SFAS No. 144 requires that assets to be disposed of by sale be measured at the lower of carrying amount or fair value less cost to sell. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. SFAS No.144 was used to account for the discontinuance of our Print Publications operations. (See Note 4.)

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement eliminates the automatic classification of gain or loss on extinguishment of debt as an extraordinary item of income and requires that such gain or loss be evaluated for extraordinary classification under the criteria of Accounting Principles Board No. 30, "Reporting Results of Operations." This statement also requires sales-leaseback accounting for certain lease modifications that have economic effects that are similar to sales-leaseback transactions, and makes various other technical corrections to existing pronouncements. This statement will be effective for the Company for the year ending December 31, 2003, with the effective date for certain provisions of SFAS No. 145 being May 15, 2002. The adoption of this statement will not have a material effect on our results of operations or financial position or cash flows of the Company.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which changes the rules for how companies must account for costs associated with exit or disposal activities. The provisions of the new standard are effective for exit or disposal activities initiated after December 31, 2002, with early application encouraged. The Company believes that the adoption of SFAS 146 will not have a material impact on the financial position, results of operations, or cash flows of the Company.

2. NAME CHANGE

In April 2002, the Board of Directors authorized an amendment to the Company's certificate of incorporation to change the Company's name to "Index Development Partners, Inc.," subject to stockholder approval at the Company's annual meeting held on June 18, 2002. At the annual meeting, the Company's stockholders approved the name change, which became effective that day. Effective June 26, 2002, the Company's common stock began trading on the OTC Bulletin Board under the symbol "IXDP."

In May 1993, the Company had changed its name to "Individual Investor Group, Inc.," to align its corporate name with the name of its flagship business, publication of the monthly magazine Individual Investor. Beginning in the third quarter of 2000, the Company sold its major media properties, including Individual Investor magazine and

individualinvestor.com, and currently the Company's sole focus is on the development and licensing of proprietary stock indexes, including the America's Fastest Growing Companies(SM) family of stock indexes. The Company therefore believed it was appropriate to change its name to Index Development Partners, Inc., to align its corporate name with its current mission.

3. INVESTMENTS

On June 2, 1999, the Company, Kirlin Holding Corp ("Kirlin") and Venture Highway, Inc. (at the time a wholly-owned subsidiary of Kirlin), entered into an agreement pursuant to which the Company acquired 3,308,688 newly issued shares (adjusted to reflect subsequent stock splits) of common stock of VentureHighway, representing 19.9% of the then-outstanding shares of common stock (the other 80.1% of which immediately after the transaction were held by Kirlin). The purchase price was paid in the form of a credit for VentureHighway to use to purchase advertising in the Company's magazines and web sites during the 30 months ended December 31, 2001. The investment was valued at the fair market value at the date of the transaction of approximately $2.6 million.

During the fourth quarter 2000, the Company became aware of an other than temporary decline in the value of its Venture Highway investment and adjusted the carrying value to estimated fair market value. Accordingly, the Company reduced the carrying value of its investments by approximately $2.6 million during the fourth quarter of the year ended December 31, 2000.

During the quarter ended March 31, 2002 the Company received a partial distribution from Venture Highway of approximately $85,000. This amount has been recorded as a gain on disposition of investments. The Company has not accrued for any additional recoveries and will record such amounts, if any, when received.

On May 4, 2000, the Company and Tradeworx, Inc. ("Tradeworx") entered into an agreement pursuant to which the Company acquired 1,045,000 newly issued shares of common stock of Tradeworx, representing at the time a 7% stake (with warrants to acquire up to 10.5%), on a fully diluted basis, of Tradeworx. The purchase price was paid for in the form of a credit for Tradeworx to use to purchase advertising in the Company's magazines and websites during the 24 months ending August 1, 2002. The investment and the deferred advertising revenues were recorded at the fair market value at the date of the transaction of approximately $1.1 million.

During the quarter ended September 30, 2001 the Company became aware of an other than temporary decline in the value of its Tradeworx investment and adjusted the carrying value to estimated fair market value. Accordingly, the Company reduced the carrying value of its investments by approximately $1.1 million during the third quarter ended September 30, 2001.

On February 23, 2000, the Company and Pricing Dynamics Solutions, Inc. ("Pricing Dynamics") entered into an agreement pursuant to which the Company acquired 1,166,667 newly issued shares of common stock of Pricing Dynamics, representing at the time a 3.3% stake (on a fully-diluted basis) of Pricing Dynamics (constituting 7.4% of the then-outstanding shares). The purchase price was paid in the form of a credit for Pricing Dynamics to use to purchase advertising in the Company's magazines and web sites during the 21 months ending December 31, 2001. The investment and the deferred

advertising revenues were recorded at the fair market value at the date of the transaction of approximately $1.5 million.

During the quarter ended September 30, 2001 the Company became aware of an other than temporary decline in the value of its Pricing Dynamics investment and adjusted the carrying value to estimated fair market value. Accordingly, the Company reduced the carrying value of its investments by approximately $1.5 million during the third quarter ended September 30, 2001.

4. DISCONTINUED OPERATIONS

In May 2002, the Company transferred the assets of its remaining print publication, Individual Investor's Special Situations Report newsletter, to an unrelated third party, who assumed the deferred subscription liability of the newsletter (see Note 10). As a result of the transaction, the Company discontinued its Print Publications operations. The operating results relating to Print Publications operations have been segregated from continuing operations and reported within a separate line item on the consolidated condensed statements of operations as discontinued operations.

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In November 2001, the Company assigned to Telescan, Inc., certain of the Company's internet assets, including the domain name www.individualinvestor.com, in exchange for the 1,063,531 shares of the Company's Common Stock owned by Telescan and the Company subsequently discontinued its Online Services operations. The operating results relating to Online Services operations have been segregated from continuing operations and reported within a separate line item on the consolidated condensed statements of operations as discontinued operations.

The gain from discontinued operations consisted of the following components:

PRINT PUBLICATIONS

	Three Months Ended Sept.30,		Nine Months Ended S	
	2002	2001	2002	
Revenues and other income	$ 523,882	$ 711,647	$ 1,471,306	$
Gain discontinued operations	$ 547,578	$ 2,730,770	$ 1,514,925	$

ONLINE SERVICES

	Three Months Ended Sept.30,		Nine Months Ended S	
	2002	2001	2002	
Revenues and other income	$ 21,990	$ 63,901	$ 21,990	$
Gain (loss) discontinued operations	$ 21,990	($248,523)	$ 39,749	

Net current assets at September 30, 2002 related to the Print Publications and Online Services discontinued operations are approximately $35,000 and $22,000, respectively. The approximate $22,000 receivable and revenues for the three months ended September 30, 2002 relates to the sale of a proprietary domain name. Net current liabilities at September 30, 2002 related to the Print Publications and Online Services discontinued operations are approximately $275,000 and $331,000, respectively. All long-term liabilities are related to the discontinued Print Publications segment.

5. STOCK OPTIONS

In April 2002, the Company's board of directors and its chief executive officer, Jonathan Steinberg, agreed that between April 16, 2002 and December 31, 2002, Mr. Steinberg would receive no cash salary and instead would be granted a ten-year option to purchase the Company's Common Stock at an exercise price of $0.05 per share (the fair market value of the Common Stock on the date of the grant), vesting in bimonthly installments, each installment of which would have a Black-Scholes value (calculated on the April 2002 grant date) equal to the amount of cash salary that Mr. Steinberg otherwise would have received. Pursuant to that agreement, in April 2002, Mr. Steinberg was granted such an option for an aggregate of approximately 3.6 million shares, vesting bimonthly between April 30, 2002 and December 31, 2002, in installments of between approximately 208,000-216,000 shares. If all options granted April 2002 were to vest, the average consideration per share the Company would have received (i.e., the amount of salary the Company would have saved) by granting the option would be slightly above $0.045 per share. In the event that any such option is exercised, the average consideration per share the Company would have received thus would be slightly above $0.095 (the sum of the approximately $0.045 in saved salary, plus the $0.05 exercise price the Company would receive) - an amount that is more than 90% greater than the fair market value of the Common Stock on the date of the grant. Together with a similar grant to another employee in lieu of foregoing a portion of his salary, the total number of options granted to employees during the second quarter of 2002 is 3,713,985 options. On July 31, 2002, the Company granted a director an option to purchase 30,000 shares of the Company's common stock at an exercise price of $0.04 per share. The fair value of this option grant was approximately $800. The total number of options granted by the Company during the three and nine months ended September 30, 2002 is 30,000 and 3,743,985 shares, respectively.

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During the three and nine months ended September 30, 2002, no options were exercised; 516,984 and 571,651 options, respectively, were canceled; and 380,650 and 415,650 options, respectively, expired.

In May 2001, the Stock Option Committee, pursuant to the Company's 2000 Performance Equity Plan, awarded 223,000 shares of authorized but unissued Common Stock in the aggregate to certain employees subject to the terms of a restricted stock agreement. 194,000 of these shares were cancelled during 2001 and an additional 19,000 were cancelled in March 2002 upon the termination of employment of the respective employees. The restriction period on the remaining 10,000 shares expired in May 2002.

6. INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share for the three and nine months ended September 30, 2002 and 2001, respectively, is computed by dividing the net income (loss), after deducting accrued dividends on cumulative convertible preferred stock, by the weighted average number of shares of Common Stock outstanding during the applicable period. Diluted net income (loss) per common share for the three and nine months ended September 30, 2002 and 2001, respectively, is computed by dividing net income (loss) by the weighted average number of shares of Common Stock and common equivalent shares during the applicable period. Common equivalent shares consist of the incremental shares of Common Stock issuable upon the exercise of stock options, warrants and other securities convertible into shares of Common Stock. The exercise of stock options, warrants and other securities convertible into shares of Common Stock were not assumed in the computation of diluted loss per common share, as the effect would have been antidilutive. The exercise of stock options and warrants were not assumed in the computation of diluted income per common share because the respective exercise prices of such securities were in excess of the value of the Common Stock during the applicable period.

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The computation of net income (loss) applicable to common shareholders is as follows:

	Three Months Ended Sept.30,		Nine Months Ended S
	2002	2001	2002
Net income (loss)	$ 224,860	($727,752)	$ 857,959
Preferred stock dividends	(39,400)	(39,400)	(118,200)
Net income (loss) applicable to common shareholders	$ 185,460	($767,152)	$ 739,759

Fully diluted net income (loss) applicable to common shareholders is $224,860 and ($727,752) for the three month period ended September 30, 2002 and 2001, respectively, and $857,959 and ($4,720,530) for the nine month period ended September 30, 2002 and 2001, respectively.

7. SEGMENT INFORMATION

The Company's business segments previously were focused on providing research and analysis of investment information to individuals and investment professionals through two operating segments: Print Publications and Online Services. The Company's Print Publications segment was discontinued in connection with the May 2002 sale of assets of Individual Investor's Special Situations Report, a financial investment newsletter (see Note 4). Previously, the Company's Print Publications segment also reflected the publication of Individual Investor, a personal finance and

investment magazine (between approximately October 1988 and July 2001) and Ticker, a magazine for investment professionals (between approximately October 1996 and September 2000). The Company's Online Services segment was discontinued subsequent to the sale in November 2001 of certain assets related to individualinvestor.com and previously also reflected operation of InsiderTrader.com (between approximately November 1998 and September 2000).

The financial statements for the three and nine months ended September 30, 2001 have been restated to show the results of Print Publications and Online Services as a discontinued operation (See Note 4). The restated financials have been prepared consistent with the way such data is utilized by Company management in evaluating operating results. As a result of the discontinuance of the Company's Print Publications and Online Services segment, the Company now operates with one segment, Index Development and Licensing. No revenues have been generated to date from this segment.

8. COMMITMENTS AND CONTINGENCIES

The Company leases office space in New York City under an operating lease that expires on March 31, 2004. The Company also subleases its former office space in New York City under an operating lease that expires March 1, 2005. In May 2001, the Company commenced a sublease of a portion of its headquarters office space to an unrelated third party and in January 2002, the Company commenced a sublease of another portion of it headquarters office space to a different unrelated third party. The Company retains approximately 11% of its headquarters office space. The Company subleases its former office space to an unrelated third party. All of the above leases and subleases provide for yearly escalation of lease payments as well as real estate tax increases. Operating expense increases, however, are not available to be passed along to the subleases. General and administrative expenses for the three and nine months ended September 30, 2002 include approximately $120,000 of operating cost increases related to the lease of the Company's office space. The Company incurred additional leasehold expenses of approximately $41,000 in connection with the January 2002 sublease.

The Company has an outstanding letter of credit totaling approximately $249,000 related to the security deposit for the Company's New York City corporate office space. The Company has received letters of credit from its sublease tenants in the aggregate amount of approximately $145,000.

9. MAGAZINE SALE

On July 9, 2001, the Company completed the transactions (the "Magazine Sale") contemplated by an agreement ("Agreement") with The Kiplinger Washington Editors, Inc. ("Kiplinger"), the publisher of Kiplinger's Personal Finance Magazine ("KPFM"). Pursuant to the Agreement, the Company, among other things:

-- sold to Kiplinger the subscriber list to the Company's Individual Investor magazine ("II");

-- agreed, until July 9, 2006, not to use the name "Individual Investor" for print periodical publishing or list rental purposes, except in connection with the Company's Individual Investor's Special Situations Report newsletter ("SSR"); and

-- agreed to provide certain consulting services to Kiplinger until July 9, 2002.

In return, Kiplinger:

-- agreed to provide II subscribers with KPFM, at no additional cost to II subscribers, for the number of issues of II that such subscribers have paid for but have not been served, representing approximately $2.6 million of deferred subscription liability of the Company; and

-- paid the Company $3.5 million in cash, a portion of which was placed in escrow to secure certain obligations. All escrow balances less approximately $30,000 were returned to the Company by the end of January 2002.

In connection with this transaction, the Company reduced its employee headcount by approximately 90% in order to focus on its stock index licensing operations.

10. NEWSLETTER SALE

On May 17, 2002, the Company sold Horizon Publishing Company ("Horizon"), an unrelated third party, assets related to the Company's Individual Investor's Special Situations Report newsletter ("SSR") and Horizon agreed to provide SSR subscribers with one or more Horizon investment related newsletters, at no additional cost to SSR subscribers, for the number of issues of SSR that such subscribers have paid for but have not been served, representing approximately $0.1 million of deferred subscription liability of the Company. In connection with this transaction, the Company discontinued publication of SSR.

11. SUBSEQUENT EVENT

The Board of Directors on November 6, 2002 approved the issuance of 180,000 options to various employees other than Mr. Steinberg as follows, 25,000 shares vesting December 31, 2002, 25,000 shares vesting March 31, 2003 and 130,000 shares vesting in equal installments on November 6, 2003, 2004 and 2005, respectively, subject to continuing employment.

Effective November 8, 2002, Gregory Barton, President and Chief Financial Officer resigned and accepted employment with an unrelated third party.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Important Notice Concerning "Forward-looking Statements" in this Report

1. "Forward-looking Statements." Certain parts of this Report describe historical information (such as operating results for the three and nine months ended September 30, 2002 and September 30, 2001, respectively), and the Company believes the descriptions to be accurate. In contrast to describing the past, various sentences of this Report indicate that the Company believes certain

results are likely to occur after September 30, 2002. These sentences typically use words or phrases like "believes," "expects," "anticipates," "estimates," "projects," "will continue" and similar expressions. Statements using those words or similar expressions are intended to identify "forward-looking statements" as that term is used in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, projections of operating results for periods after September 30, 2002, concerning either a specific segment of the Company's business or the Company as a whole. For example, projections concerning the following are forward-looking statements: net revenues, operating expenses, net income or loss, gross margins, royalties, marketing expenses, sales expenses, and general and administrative expenses. Except to the extent that a statement in this Report is describing a historical fact, each statement in this Report is deemed to be a forward-looking statement.

2. Actual Results May Be Different than Projections. Due to a variety of risks and uncertainties, however, actual results may be materially different from the results projected in the forward-looking statements. These risks and uncertainties include those set forth in Item 2 (entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") of Part I hereof, in Exhibit 99 hereof and elsewhere in this Report, and in Item 1 (entitled "Business") of Part I and in Item 7 (entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") of Part II of the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2001, filed with the Securities and Exchange Commission.

3. The Company Has No Duty to Update Projections. The forward-looking statements in this Report are current only on the date this Report is filed. After the filing of this Report, the Company's expectations of likely results may change, and the Company might come to believe that certain forward-looking statements in this Report are no longer accurate. The Company shall not have any obligation, however, to release publicly any corrections or revisions to any forward-looking statements contained in this Report, even if the Company believes the forward-looking statements are no longer accurate.

Three and Nine Months Ended September 30, 2002 as Compared to the Three and Nine Months Ended September 30, 2001

In May 2002, the Company discontinued its Print Publications operations after selling the assets of its remaining print publication, Individual Investor's Special Situations Report newsletter, to an unrelated third party. The operating results relating to Print Publications operations have been segregated from continuing operations and reported within a separate line item on the consolidated condensed statements of operations as discontinued operations.

In November 2001, the Company assigned certain of the Company's internet assets, including the domain name www.individualinvestor.com, to an unrelated third party and the Company subsequently discontinued its Online Services operations. The operating results relating to Online Services operations have been segregated from continuing operations and reported as a separate line item on the consolidated condensed statements of operations as discontinued operations.

Consequently, the financial statements for the three and nine months ended September 30, 2001 have been restated to conform to the September 30, 2002 financial presentation whereby there is only one segment in continuing operations, the Index Licensing and Development segment.

Loss from Continuing Operations

During the three and nine month periods ended September 30, 2001, the Company's Print Publications operations published and marketed Individual Investor magazine, a personal finance and investment magazine, and Individual Investor's Special Situations Report, a financial investment newsletter. On July 9, 2001, the Company completed the transactions (the "Magazine Sale") contemplated by an agreement with The Kiplinger Washington Editors, Inc., the publisher of Kiplinger's Personal Finance Magazine and discontinued publishing Individual Investor magazine (see Note 9) and in May 2002 the Company sold the assets of Individual Investor's Special Situations Report to an unrelated third party (see Note 10). During the three and nine month periods ended September 30, 2001, the Company's Online Services operations operated WWW.INDIVIDUALINVESTOR.COM, certain assets of which, including the domain name, were sold to an unrelated third party in November 2001.

The Company's loss from continuing operations for the three and nine months ended September 30, 2002 was approximately $0.3 million and $0.7 million, respectively, an improvement of approximately $2.9 million and $4.4 million, respectively, as compared to a loss from continuing operations for the three months and nine months ended September 30, 2001 of approximately $3.2 million and $5.1 million, respectively. The improvement from the prior year is primarily due to the fact that the Company recorded an approximately $2.7 million charge for impairment of investments in the third quarter of 2001, as compared to no such change in the third quarter of 2002, as well as a reduction of corporate expenses due to the downsizing of the Company. No income taxes were provided in 2002 or in 2001 due to the net loss. The basic and dilutive net loss per weighted average common share from continuing operations for the three and nine months ended September 30, 2002 was approximately ($0.05) and ($0.10), respectively, as compared to approximately ($0.36) and ($0.57), respectively, for the three and nine months ended September 30, 2001. There were approximately 1.1 million fewer common shares outstanding at September 30, 2002 as compared to September 30, 2001.

Revenues

No revenues were recorded for the three and nine months ended September 30, 2002 and 2001 for the Company's Index Licensing and Development segment.

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Operating Expenses

Total operating expenses for the three and nine months ended September 30, 2002 decreased approximately 39% and 65%, respectively, to approximately $0.3 million and $0.9 million, respectively, as compared to approximately $0.6 million and $2.5 million, respectively, for the three months and nine months ended September 30 2001. The declines are attributable primarily to the reduction of expenses following the Magazine Sale and the discontinuation of the Online Services operations. Operating expenses for the nine months ended September 30, 2002 (but not the three months ended September 30, 2002) have been reduced by approximately $150,000, an amount received by the Company in the second quarter 2002 from a business assistance program related to the September 11, 2001 disaster.

General and administrative expenses for the three and nine months ended September 30, 2002 decreased approximately 31% and 63%, respectively, to approximately $0.3 million and $0.8 million, respectively, as compared to approximately $0.5 million and $2.1 million, respectively, for the three and

nine months ended September 30, 2001. The decline is primarily attributable to a reduction in corporate headcount. General and administrative expenses for the nine months ended September 30, 2002 (but not the three months ended September 30, 2002) have been reduced by approximately $150,000, an amount received by the Company in the second quarter 2002 from a business assistance program related to the September 11, 2001 disaster. General and administrative expenses for the three and nine months ended September 30, 2002 include approximately $120,000 of operating cost increases related to the lease of the Company's office space.

Depreciation and amortization expense for the three and nine months ended September 30, 2002 decreased approximately 77% and 78%, respectively to approximately $23,000 and $80,000, respectively, as compared to approximately $99,000 and $358,000, respectively, for the three and nine months ended September 30, 2001. The decrease is primarily due to the disposal of assets related to the Magazine Sale and the disposition of furniture and fixtures and computer equipment in connection with the subleases that commenced May 2001 and January 2002, respectively.

Gain on Sale of Furniture and Fixtures

Gain on sale of furniture and fixtures for the nine months ended September 30, 2002 of approximately $71,000 represents proceeds received from the sale of furniture and fixtures and computer equipment during the first quarter ended March 31, 2002. Gain on sale of furniture and fixtures for the three and nine months ended September 30, 2001 was approximately $20,000.

Gain on Disposition of Investments

Gain on disposition of investments for the nine months ended September 30, 2002 of approximately $0.1 million represents proceeds from distributions received as a result of an investment that had previously been written off during the quarter ended December 31, 2000. There were no comparable gains for the three months ended September 30, 2002 or for the three and nine months ended September 30, 2001.

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Impairment of Investments

During the third quarter of 2001, the Company recorded an impairment of approximately $1.1 million with respect to its investment in Tradeworx. Inc., acquired in May 2000 and approximately $1.5 million with respect to its investment in Pricing Dynamics, Inc., acquired in February 2000. There were no comparable impairments recorded in the first half of 2001 or in the three and nine months ended September 30, 2002.

Investment and Other Income

Investment and other income for the three and nine months ended September 30, 2002 decreased to approximately $3,000 and $12,000, respectively, as compared to approximately $19,000 and $87,000, respectively, for the three and nine months ended September 30, 2001. The decreased income for the three and nine months ended September 30, 2002 is due to decreased cash balances and lower interest rates on deposits.

Discontinued Operations

Gain from discontinued operations for the three and nine months ended September 30, 2002 was approximately $0.6 million and $1.6 million, respectively, as compared to a gain from discontinued operations for the three

months and nine months ended September 30, 2001 of approximately $2.5 million and $0.3 million, respectively. The gain for the three and nine months ended September 30, 2002 is primarily the result of the recognition of deferred consulting revenue and deferred subscription revenue in connection with the Magazine Sale and the significant decline in expenses of discontinued operations following the Magazine Sale. Gain from discontinued operations for the three and nine months ended September 30, 2001 includes approximately $2.2 million from the Magazine sale in July 2001.

At September 30, 2002, the remaining balance of deferred revenue related to discontinued operations is: deferred non-compete revenue, approximately $94,000, recognizable ratably through the second quarter of 2006; and deferred subscription revenue, approximately $0.8 million, recognizable in decreasing monthly amounts through the second quarter of 2011.

Net Income (Loss)

The Company recorded net income for the three and nine months ended September 30, 2002 of approximately $0.2 million and $0.9 million, respectively, as compared to net loss of approximately ($0.7) million and ($4.7) million, respectively, for the three and nine months ended September 30, 2001. No income taxes were provided in 2002 due to the net operating loss carryovers or in 2001 due to the net loss. The basic net income (loss) per weighted average common share for the three and nine months ended September 30, 2002 was approximately $0.02 and $0.10, respectively, as compared to approximately ($0.09) and ($0.53), respectively, for the three and nine months ended September 30, 2001. Dilutive net income (loss) per weighted average common share for the three and nine months ended September 30, 2002 was approximately $0.02 and $0.08, respectively, as compared to approximately ($0.09) and ($0.53), respectively, for the three and nine months ended September 30, 2001.

Liquidity and Capital Resources

As of September 30, 2002, the Company had cash and cash equivalents totaling approximately $0.5 million and negative working capital of approximately $0.3 million. Net cash used in operating activities during the three and nine months ended September 30, 2002 was approximately $199,000 and $786,000, respectively. Net cash provided by investing activities for the three and nine months ended September 30, 2002 was approximately $0 and $115,000, respectively. Net cash used in financing activities during the three and nine months ended September 30, 2002 was approximately $39,000 and $118,000, respectively. Net cash provided by (used in) discontinued operations during the three and nine months ended September 30, 2002 was approximately ($1,000) and $2,000, respectively. The Company's cash and cash equivalents balance of approximately $0.5 million at September 30, 2002 represented a decrease of approximately $0.8 million from the December 31, 2001 balance.

The Company's continuing operations are not generating any revenues. The Company has had discussions with a variety of parties concerning the potential license of the Company's indexes for the creation of financial products. With one exception, these discussions have not resulted in the Company licensing any of its indexes. As previously reported, the Company had licensed the America's Fastest Growing Companies(SM) Index to Nuveen Investments for the creation of an exchange-traded fund to be sponsored by Nuveen and based upon that index. After receiving an exemptive order it sought from the Securities and Exchange Commission to be allowed to sponsor this fund and filing with the SEC a registration statement, Nuveen did not take further action to have the registration statement declared effective nor did it launch such a fund. As a

result, on November 1, 2002, the Company gave notice to Nuveen that (1) provided that the license granted to Nuveen immediately became non-exclusive and (2) provided that the license would be terminated effective January 30, 2003 (i.e., 90 days from the date of the notice). There can no assurance the Company will execute licensing agreements with respect to its indexes, that financial products based upon such indexes would enter the market or that the Company would derive any material revenues with respect to any such licenses. The Company also has had discussions with a variety of parties concerning the potential assignment of the Company's indexes to a third party, in connection with which the Company receiving back a license to sponsor financial products based upon the indexes. There can be no assurance the Company will execute any such agreements or that the Company would be able to successfully sponsor financial products based upon the indexes. If the Company were successful in reaching such an agreement with a third party, the Company would still need to raise external financing in order to be able to sponsor and market these financial products, and there can be no assurance that the Company would be successful in raising such financing.

The Company believes that its working capital and the amount it is entitled to receive from its sublessees will be sufficient to fund its operations and capital requirements through 2002. However, the Company will begin to face a severe liquidity issue beginning in the first quarter of 2003 and, in all likelihood, would need to curtail operations by the end of the second quarter of 2003 if the Company does not obtain external financing by that time since its continuing operations would not be expected to generate significant revenues, if any, during 2003 even if the Company were to license any of its indexes in the near future or were to seek to sponsor financial products on its own. There can be no assurance that the Company would be able to obtain additional capital, nor can there be assurance as to the terms upon which the Company might be able to obtain additional capital. Obtaining any additional capital could result in a substantial dilution of an investor's equity investment in the Company.

Recent Accounting Pronouncements

In June 2001, the FASB approved the final standards resulting from its business combinations project. The FASB issued SFAS No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," in July 2001. SFAS No. 141 is effective for any business combination accounted for by the purchase method that is completed after June30, 2001. SFAS No. 142, which includes the requirements to test goodwill and intangible assets with indefinite lives for impairment, rather than amortize them, will be effective for fiscal years beginning after December 15, 2001. The adoption of SFAS No. 141 and No. 142 did not have a material impact on the financial position, results of operations, or cash flows of the Company.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No.143 on January 1, 2003, and has not yet determined the impact that this statement will have on its results of operations or financial position.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and establishes accounting and reporting standards for impairment of long-lived assets and long-lived assets to be disposed of by sale. This standard applies to all long-lived assets, including discontinued

operations. SFAS No. 144 requires that assets to be disposed of by sale be measured at the lower of carrying amount or fair value less cost to sell. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. SFAS No.144 was used to account for the discontinuance of our Print Publications operations. (See Note 4.)

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement eliminates the automatic classification of gain or loss on extinguishment of debt as an extraordinary item of income and requires that such gain or loss be evaluated for extraordinary classification under the criteria of Accounting Principles Board No. 30, "Reporting Results of Operations." This statement also requires sales-leaseback accounting for certain lease modifications that have economic effects that are similar to sales-leaseback transactions, and makes various other technical corrections to existing pronouncements. This statement will be effective for the Company for the year ending December 31, 2003, with the effective date for certain provisions of SFAS No. 145 being May 15, 2002. The adoption of this statement will not have a material effect on our results of operations or financial position or cash flows of the Company.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which changes the rules for how companies must account for costs associated with exit or disposal activities. The provisions of the new standard are effective for exit or disposal activities initiated after December 31, 2002, with early application encouraged. The Company believes that the adoption of SFAS 146 will not have a material impact on the financial position, results of operations, or cash flows of the Company.

Item 3. Controls and Procedures

Based upon the evaluation conducted by the Company's Chief Executive Officer (who now is also the Company's principal financial officer), as of a date within 90 days of the filing date of this quarterly report, of the effectiveness of the Company's disclosure controls and procedures, he concluded that, except as set forth below, (1) there were no significant deficiencies or material weaknesses in the Company's disclosure controls and procedures, (2) there were no significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the evaluation date and (3) no corrective actions were required to be taken. The Company currently employs three persons and its accounting functions are performed by former employees on a part-time, consulting basis. Accordingly, the Company does not have sufficient personnel to be able to maintain accounting systems and controls that typically would be desired and maintained by larger business organizations to ensure that all accounting entries are appropriately recorded. As a result, the Company relies upon the personal integrity of those persons that are performing accounting services for the Company. The Company's Chief Executive Officer has no reason to doubt the personal integrity of those persons. Since the date of such evaluation, the Company's former President and Chief Financial Officer resigned and accepted employment with a third party subsequent to the closing of the books for the quarter and prior to the filing of this quarterly report, which has caused the Company to modify its internal controls to reflect that the Chief Executive Officer now also functions as the Company's principal financial officer.

INDEX DEVELOPMENT PARTNERS, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company from time to time is involved in ordinary and routine litigation incidental to its business; the Company currently believes that there is no such pending legal proceeding that would have a material adverse effect on the consolidated financial statements of the Company.

Item 2. Changes in Securities

Sales of Unregistered Securities

Date of sale	Title of security	Number Sold	Consideration received and description of underwriting or other discounts to market price afforded to purchasers	Exemption f registratio claimed
7/31/02	Options to purchase common stock granted to director	30,000	Continued service; also, Company would receive exercise price upon exercise.	Section 4(

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description	Method of Filing
3.1	Amended and Restated Certificate of Incorporation of Issuer, as amended through June 18, 2002	Incorporated by refer Form 10-QSB for the q

3.3	By-laws of Issuer amended through April 27, 1999	Incorporated by refer Form 10-Q for the qua
99	Certain Risk Factors	Filed herewith

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Issuer caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: November 14, 2002

INDEX DEVELOPMENT PARTNERS, INC. (Issuer)

By: /s/ Jonathan L. Steinberg

Jonathan L. Steinberg,
Chief Executive Officer and Director
(and principal financial and
accounting officer)

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Index Development Partners, Inc. (the "Company") on Form 10-QSB for the period ended September 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the respective capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition of the Company and the results of operation of the Company.

By: /s/ Jonathan L. Steinberg

Jonathan L. Steinberg,
Chief Executive Officer and Director
(and principal financial officer)

DATE: November 14, 2002

CERTIFICATION PURSUANT TO RULE 13a-14 AND 15d-14 UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Jonathan L. Steinberg, certify that:

1. I have reviewed this quarterly report on Form 10-QSB for the quarter ended September 30, 2002 of Index Development Partners, Inc.

2. based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this quarterly report (the "Evaluation Date"); and

   (c) presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

By: /s/ Jonathan L. Steinberg

Jonathan L. Steinberg,
Chairman and Chief Executive Officer
(and principal financial officer)