FINDEX COM INC
Form 10QSB/A
September 29, 2005

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

FORM 10-QSB/A
Amendment No. 1

(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, 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: 0-29963

FINDEX.COM, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	88-0379462
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11204 Davenport Street, Suite 100, Omaha, Nebraska	68154
(Address of principal executive offices)	(Zip Code)

(402) 333-1900
(Issuer’s telephone number, including area code)

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

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

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

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. **Yes [_] No [_]**

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 48,619,855 common shares as of September 28, 2005.

Transitional Small Business Disclosure Format (check one): **Yes [_] No [X]**

Explanatory Note

We are filing this Amendment Number 1 to our Quarterly Report on Form 10-QSB for the three and nine months ended September 30, 2002 to restate our financial statements for the quarter then ended to reflect certain issues identified during a regulatory review of our financial statements associated with a certain registration statement filed with the SEC on November 22, 2004 on Form SB-2 and which is pending effectiveness as of the date of this filing of Amendment Number 1 to Form 10-QSB for the quarter ended September 30, 2002. There was no net effect on either cash provided or used by operating activities, cash used by investing activities or cash provided or used by financing activities as a result of the corrections to the financial statements for the period covered by the report.

In June 1999 we entered into a certain license agreement with Parsons Technology, Inc. to manufacture, distribute and sell a variety of software titles, including QuickVerse®and Membership Plus®, by far our two largest selling titles. During the three months ended June 30, 2002, we offset the remaining unpaid installment under the 1999 license ($1,051,785) against the carrying amount of the license in accordance with the terms of a then tentative settlement agreement with The Learning Company ("TLC"), the licensor-assignee at the time. Although paragraph 6 of Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations*, which guides the recognition and measurement of intangible assets, provides that the measurement of an asset in which the consideration given is cash is measured by the amount of cash paid, our management has since concluded that too much time had elapsed between the date of the 1999 license and the date of the tentative settlement agreement for such an offset to be appropriate. Therefore, we have recognized the extinguishment of the liability owed to TLC as income in the condensed consolidated statement of operations for the period covered by this report. We have restated our condensed consolidated balance sheet as of September 30, 2002 and our condensed consolidated statements of operations and condensed consolidated statements of cash flows for the three and nine months then ended.

Also during the three months ended June 30, 2002, we extended the estimated life of the 1999 license from 10 years to 50 years in accordance with the terms of the tentative settlement agreement. Although the 1999 license, as amended, provides for our unlimited and exclusive use of the trademarks related to the licensed products, and our management has assessed the useful life of the 1999 license as indefinite (though limited under the applicable contractual provisions to 50 years) based on the estimated future direct or indirect cash flows from the license, as provided by paragraphs 11 and 53 of SFAS No. 142, *Goodwill and Other Intangible Assets*, our management has since concluded that a 10 year life is appropriate based, among other reasons, on our going concern qualification. We have restated our condensed consolidated balance sheet as of September 30, 2002 and our condensed consolidated statements of operations and condensed consolidated statements of cash flows for the three and nine months then ended.

Finally, we had previously and erroneously, included rebates in sales and marketing expenses. The more appropriate presentation should have been, and is now, as a reduction to revenue, as provided by EITF 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*. As provided by paragraph 12 of EITF 01-09, comparative periods presented for the three and nine months ended September 30, 2001 have been reclassified to conform with the 2002 presentation.

A discussion of the restatement for the quarter ended September 30, 2002 is included in Note 13 of the condensed consolidated financial statements included in this Amendment Number 1 to Form 10-QSB for the quarter ended September 30, 2002. Changes have also been made to the following items as a result of the restatement:

Part I Item 1 Financial Statements.
Item 2 Management's Discussion and Analysis of Financial Condition or Plan of Operations.

This Amendment Number 1 to Form 10-QSB for the quarter ended September 30, 2002 does not otherwise change or update the disclosures set forth in the Form 10-QSB as originally filed and does not otherwise reflect events occurring after the filing of the Form 10-QSB. For a description of our business and the risks related to our business, please see our Annual Report on Form 10-KSB/A for the year ended December 31, 2004.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

		(Unaudited)		
		(Restated)		(Restated)
		September		December
		30, 2002		31, 2001
Assets				
Current assets:				
Cash and cash equivalents	**$**	**24,405**	$	7,140
Accounts receivable, trade		**306,690**		460,170
Inventory		**533,357**		646,246
Other current assets		**34,657**		21,468
Total current assets		**899,109**		1,135,024
Property and equipment, net		**102,100**		92,185
Software license, net		**3,398,674**		3,776,306
Other assets		**20,298**		12,558
Total assets	**$**	**4,420,181**	$	5,016,073
Liabilities and stockholders' equity				
Current liabilities:				
Notes payable	**$**	**749,999**	$	749,000
License fees payable		**---**		1,051,785
Accrued royalties		**2,091,422**		2,082,694
Accounts payable, trade		**1,034,541**		1,422,573
Current maturities of long-term notes payable		**55,877**		---
Other current liabilities		**1,248,542**		1,490,462
Total current liabilities		**5,180,381**		6,796,514
Long-term note payable		**63,726**		71,322
Non-current deferred taxes		**994,469**		1,147,043
Commitments and contingencies				
Stockholders' equity:				
Preferred stock		**51**		51
Common stock		**19,575**		11,231
Paid-in capital		**7,016,308**		6,893,720
Retained (deficit)		**(8,854,329)**		(9,903,808)
Total stockholders' equity		**(1,818,395)**		(2,998,806)
Total liabilities and stockholders' equity	**$**	**4,420,181**	$	5,016,073

See accompanying notes.

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Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
Three and Nine Months Ended September 30

	Three Months		Nine Months	
	2002	2001	**2002**	2001
	(Restated)	(Restated)	**(Restated)**	(Restated)
Revenues, net of reserves and allowances	**$ 873,813**	$ 465,713	**$ 2,931,792**	$ 1,980,466
Cost of sales	**245,656**	164,879	**584,497**	804,608
Gross profit	**628,157**	300,834	**2,347,295**	1,175,858
Operating expenses:				
Sales and marketing	**202,383**	159,374	**620,994**	486,630
General and administrative	**436,868**	516,514	**1,383,640**	2,066,058
Bad debt expense	**---**	---	**---**	2,391,000
Depreciation and amortization	**139,951**	133,346	**408,353**	401,404
Total operating expenses	**779,202**	809,234	**2,412,987**	5,345,092
Earnings (loss) from operations	**(151,045)**	(508,400)	**(65,692)**	(4,169,234)
Other income	**191**	150	**1,051,976**	2,791
Other expenses, net	**(25,276)**	(27,467)	**(89,379)**	(48,166)
Income (loss) before income taxes	**(176,130)**	(535,717)	**896,905**	(4,214,609)
Provision for income taxes	**50,858**	102,027	**152,574**	851,479
Net income (loss)	**$ (125,272)**	$ (433,690)	**1,049,479**	(3,363,130)
Retained earnings (deficit) at beginning of year			**(9,903,808)**	(2,299,256)
Preferred series A common stock dividend			**---**	(4,200)
Retained earnings (deficit) at end of period			**$ (8,854,329)**	$ (5,666,586)
Net earnings (loss) per share:				
Basic	**$ (0.01)**	$ (0.04)	**$ 0.06**	$ (0.32)
Diluted	**$ (0.01)**	$ (0.04)	**$ 0.06**	$ (0.32)
Weighted average shares outstanding:				
Basic	**19,430,789**	10,656,341	**16,891,916**	10,585,742
Diluted	**19,430,789**	10,656,341	**19,160,539**	10,585,742

See accompanying notes.

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

Nine Months Ended September 30		**2002**		2001
		(Restated)		(Restated)
Cash flows from operating activities:				
Cash received from customers	**$**	**2,928,098**	$	2,769,535
Cash paid to suppliers and employees		**(2,755,439)**		(2,786,032)
Other operating activities, net		**(42,606)**		(45,378)
Net cash provided (used) by operating activities		**130,053**		(61,875)
Cash flows from investing activities:				
Acquisition of property and equipment		**(43,581)**		(14,243)
Other investing activities, net		**(4,660)**		(15,600)
Net cash (used) by investing activities		**(48,241)**		(29,843)
Cash flows from financing activities:				
Proceeds from (payments on) line of credit, net		**(4,682)**		32,708
Payments made on long-term notes payable		**(34,865)**		---
Refund on stock subscription		**(25,000)**		---
Proceeds from issuance of stock		**---**		15,000
Addition to license agreements		**---**		25,073
Net cash provided (used) by financing activities		**(64,547)**		72,781
Net increase (decrease) in cash and cash equivalents		**17,265**		(18,937)
Cash and cash equivalents, beginning of year		**7,140**		21,768
Cash and cash equivalents, end of period	**$**	**24,405**	$	2,831
Reconciliation of net income (loss) to cash flows from operating activities:				
Net income (loss)	**$**	**1,049,479**	$	(3,363,130)
Adjustments to reconcile net income (loss) to net cash				
provided (used) by operating activities:				
Stock and warrants issued for services		**155,932**		302,183
Provision for bad debts		**---**		2,391,000
Depreciation & amortization		**408,353**		401,404
Gain on disposal of property and equipment		**(137)**		---
Debt forgiveness		**(1,051,785)**		---
Change in assets and liabilities:				
Decrease in accounts receivable		**153,480**		822,299
Decrease in inventories		**112,889**		114,902
(Increase) in refundable income taxes		**---**		(1,548)
(Increase) in prepaid expenses		**(16,461)**		(25,282)
Increase in accrued royalties		**8,728**		258,600
Increase (decrease) in accounts payable		**(304,885)**		383,736
(Decrease) in income taxes payable		**---**		(42,556)
(Decrease) in deferred taxes		**(152,574)**		(843,000)
(Decrease) in other liabilities		**(232,966)**		(460,483)
Net cash provided (used) by operating activities	**$**	**130,053**	$	(61,875)

See accompanying notes.

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FindEx.com, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2002
(unaudited)

NOTE 1 - 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-QSB and Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Examples include provisions for returns, bad debts, and income taxes along with the realizability of the deferred tax assets. Actual results may differ from these estimates. 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 fiscal year or for any future period. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-KSB for the fiscal year ended December 31, 2001.

Software Development Costs

In accordance with SFAS No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*, software development costs are expensed as incurred until technological feasibility has been established, at which time such costs are capitalized until the product is available for general release to customers. Capitalized costs are amortized on a product-by-product basis using the greater of the straight-line method over the estimated product life or on the ratio of current revenues to total projected product revenues. The Company generally considers technological feasibility is established with the release of a beta version for testing. Total capitalized software development costs at September 30, 2002 were $185,964, including $91,509 capitalized during the three months ended September 30, 2002, less accumulated amortization of $19,907. Research and development costs incurred and charged to expense were $15,583 and $-0- for the three months ended September 30, 2002 and 2001, respectively.

NOTE 2 - SOFTWARE LICENSE AGREEMENT (Restated)

During the quarter ended June 30, 2002, the Company reclassified the remaining unpaid installment ($1,051,785) as debt extinguishment income in accordance with the terms of a tentative settlement agreement with TLC. In addition, the agreement called for the extension of the estimated life of the license from 10 years to 50 years. Management, however, has decided to retain the original 10 year life based on our going concern opinion. See Notes 9 and 13.

NOTE 3 - NOTES PAYABLE (Restated)

At September 30, 2002, notes payable consisted of the following:

Demand note payable to a corporation, with interest at 9%. Unsecured.	$ 650,000
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,667 restricted common shares.	33,333

Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,667 restricted common shares.	33,333
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,667 restricted common shares.	33,333
	$ 749,999

NOTE 4 - LONG-TERM NOTES PAYABLE

On January 31, 2002, the Company refinanced $154,468 of trade accounts payable by issuing a long-term note payable to a corporation. The term note is unsecured and due October 2004 in monthly installments of $5,285, including interest at 8%.

Principal maturities at September 30, 2002 are as follows:

September 30	
2003	$ 55,877
2004	63,726
	$ 119,603

NOTE 5 - STOCKHOLDERS' EQUITY

Common Stock

On March 7, 2002, pursuant to a settlement agreement, the Company issued an additional six common shares for each common share originally issued under the stock subscription agreement dated April 28, 2000. A total of 2,175,000 common shares were issued under this settlement agreement. On September 20, 2002, the Company issued 9,000 common shares correcting an error in the March issuance.

On April 1, 2002, the Company issued 5,891,760 restricted common shares to the employees and Board of Directors as additional compensation pursuant to an incentive and retention bonus program. On August 7, 2002, the Company rescinded 64,480 restricted common shares previously issued to part-time employees under the incentive and retention bonus program. These shares were valued at $.025 per share.

On July 23, 2002, in settlement of a consulting agreement with an individual for investor relations services, the Company issued 205,000 common shares valued at $.05 per share.

On September 20, 2002, pursuant to a settlement agreement, the Company issued an additional six common shares for each common share originally issued in lieu of cash commission under the stock subscription agreement dated April 28, 2000. A total of 137,250 common shares were issued under this settlement agreement.

NOTE 6 - INCOME TAXES (Restated)

The benefit for taxes on income for the three and nine months ended September 30 consisted of the following:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	(Restated)		**(Restated)**	
	2002	2001	**2002**	2001
Current:				
Federal	**$ ---**	$ ---	**$ ---**	$ ---
State	**---**	(5,973)	**---**	8,479
	---	(5,973)	**---**	8,479
Deferred:				
Federal	**40,699**	81,250	**122,097**	632,250
State	**10,159**	26,750	**30,477**	210,750
	50,858	108,000	**152,574**	843,000

Total tax benefit	**$ 50,858**	$ 102,027	**$ 152,574**	$ 851,479

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NOTE 7 - EARNINGS PER COMMON SHARE (Restated)

Earnings per common share are computed by dividing net income (loss) by the weighted average number of common shares and common stock equivalents outstanding during the year. Common stock equivalents are the net additional number of shares that would be issuable upon the exercise of the outstanding common stock options, assuming that the Company reinvested the proceeds to purchase additional shares at market value. A total of 6,092,200 and 3,808,200 potentially dilutive securities for the three and nine months ended September 30, 2002, respectively, and 4,237,200 potentially dilutive securities for the three and nine months ended September 30, 2001, have been excluded from the computation of diluted earnings per share, as their inclusion would be anti-dilutive.

The following table shows the amounts used in computing earnings per share and the effect on income (loss) and the average number of shares of dilutive potential common stock:

For the Three Months Ended September 30, 2001		**Income (Loss) (Numerator)**	**Shares (Denominator)**		**Per-share Amount**
Net Loss	$	(433,690)			
Less preferred stock dividends		(4,200)			
Loss available to common stockholders-basic earnings per share		(437,890)	10,656,341	$	(0.04)
Effect of Dilutive Securities					
Options		---	---		
Convertible notes payable		---	---		
Convertible Preferred Series A		---	---		
Convertible Preferred Series B		---	---		
Warrants		---	---		
Loss available to common stockholders-diluted earnings per share	$	(437,890)	10,656,341	$	(0.04)

For the Three Months Ended September 30, 2002		**Income (Loss) (Numerator)**	**Shares (Denominator)**		**Per-share Amount**
Net Loss (restated)	$	(125,272)			
Less preferred stock dividends		---			
Loss available to common stockholders-basic earnings per share		(125,272)	19,430,789	$	(0.01)
Effect of Dilutive Securities					
Options		---	---		
Convertible notes payable		---	---		
Convertible Preferred Series A		---	---		
Convertible Preferred Series B		---	---		
Warrants		---	---		
Loss available to common stockholders-diluted earnings per share	$	(125,272)	19,430,789	$	(0.01)

For the Nine Months Ended September 30, 2001		**Income (Loss) (Numerator)**	**Shares (Denominator)**		**Per-share Amount**
Net Loss	$	(3,363,130)			
Less preferred stock dividends		(4,200)			

Loss available to common stockholders-basic earnings per share		(3,367,330)	10,585,742	$ (0.32)
Effect of Dilutive Securities				
Options		---	---	
Convertible notes payable		---	---	
Convertible Preferred Series A		---	---	
Convertible Preferred Series B		---	---	
Warrants		---	---	
Income available to common stockholders-diluted earnings per share	$	(3,367,330)	10,585,742	$ (0.32)

For the Nine Months Ended September 30, 2002		**Income (Loss) (Numerator)**	**Shares (Denominator)**		**Per-share Amount**
Net Income (restated)	$	1,049,479			
Less preferred stock dividends		---			
Income available to common stockholders-basic earnings per share		1,049,479	16,891,916	$	0.06
Effect of Dilutive Securities					
Options		---	---		
Convertible notes payable		16,584	2,000,000		
Convertible Preferred Series A		---	114,000		
Convertible Preferred Series B		---	40,000		
Warrants (restated)		---	114,623		
Income available to common stockholders-diluted earnings per share	$	1,066,063	19,160,539	$	0.06

NOTE 8 - SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash investing and financing activities during the nine months ended September 30, 2002 and 2001, respectively:

	2002	2001
Common stock and warrants issued for services	**$ 155,932**	$ 302,183
Common stock dividend	**---**	4,200
Conversion of preferred stock to common stock	**---**	32

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company.

On November 14, 2001, The Zondervan Corporation elected to enforce a court order and served notice that we cease selling, marketing and manufacturing all products containing their copyrighted material. We are abiding by the court order and are no longer shipping products containing Zondervan's copyrighted material. We are continuing negotiations with Zondervan to reach a settlement that will allow us to resume shipment of those products. Company management believes the amount of any potential loss cannot be reasonably estimated.

The Company has reached tentative settlement in a dispute with TLC over various provisions of several agreements, including the software license agreement. Ultimate disposition of this tentative settlement is contingent upon settlement of negotiations with The Zondervan Corporation. Company management believes the amount of any potential loss cannot be reasonably estimated.

On September 6, 2002, Swartz Private Equity, LLC provided notice that it was making a demand under the Equity Line Agreement for the termination fee provided thereunder in the amount of $150,000. We are currently disputing this amount and have entered into settlement discussions with them. Ultimate disposition is uncertain and management believes the amount of any potential loss cannot be reasonably estimated at this time.

NOTE 10 - RISKS AND UNCERTAINTIES

The Company's future operating results may be affected by a number of factors. The Company is dependent upon a number of major inventory and intellectual property suppliers. If a critical supplier had operational problems or ceased making material available to the Company, operations could be adversely affected. The Company is also dependent upon a few major customers. If any of these customers experienced operational problems or ceased placing orders with the Company, operations could also be adversely affected.

NOTE 11 - GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has a history of operating losses, a negative current ratio and total liabilities in excess of total assets. Those factors, as well as uncertainty in securing financing for continued operations, uncertainty related to the outcomes of disputes with Zondervan and TLC, and the uncertainty related to renegotiation of the demand notes payable, create an uncertainty about the Company's ability to continue as a going concern. Management of the Company has developed a plan to reduce its liabilities through sales of a new release of one of the Company's flagship software titles. The ability of the Company to continue as a going concern is dependent on the acceptance of the plan by the Company's creditors, the plan's success, and the renegotiation of the demand notes payable. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 12 - SUBSEQUENT EVENT

On October 17, 2002, pursuant to a settlement agreement for unpaid consulting and valuation services, the Company issued 296,308 common shares valued at $.03 per share.

NOTE 13 - RESTATEMENT AND RECLASSIFICATION

The Company has restated its financial statements for the three and nine months ended September 30, 2002 to correct errors identified during a regulatory review of our financial statements with a certain registration statement filed with the SEC on November 22, 2004 on Form SB-2 and which is pending effectiveness as of the date of this filing of Amendment Number 1 to Form 10-QSB for the quarter ended September 30, 2002. There was no net effect on cash provided or used by operating activities, cash used by investing or cash provided or used by financing activities as a result of these errors.

During the three month period ended June 30, 2002, we erroneously offset the remaining unpaid installment ($1,051,785) against the carrying amount of the 1999 software license in accordance with the terms of the tentative settlement agreement with TLC, the licensor-assignee at the time. Although paragraph 6 of SFAS No. 141, *Business Combinations*, which guides the recognition and measurement of intangible assets, provides that the measurement of assets in which the consideration given is cash are measured by the amount of cash paid, our management believes that too much time had passed between the date of the agreement (June 1999) and the date of the tentative settlement (May 2002) for such an offset to be appropriate. The Company has recognized the extinguishment of the liability owed to TLC as income in the statement of operations. In accordance, we have restated the condensed consolidated balance sheet as of September 30, 2002 and the condensed consolidated statements of operations and condensed consolidated statements of cash flows for the three and nine months then ended.

Also during the three month period ended June 30, 2002, we had erroneously extended the estimated life of the 1999 software license from 10 years to 50 years in accordance with the terms of the tentative settlement agreement with TLC. Although the 1999 software license provides for the unlimited and exclusive use of the trademarks related to the licensed products, and our management has assessed the useful life of the 1999 software license as indefinite, (though limited under the applicable contractual provisions to 50 years) based on the estimated future direct or indirect cash flows from the license, as provided by paragraphs 53 and 11 of SFAS No. 142, *Goodwill and Other Intangible Assets*, our management believes a 10 year life is appropriate based, among other reasons, on our going concern qualification. In accordance, we have restated the condensed consolidated balance sheet as of September 30, 2002 and the condensed consolidated statements of operations and condensed consolidated statements of cash flows for the three and nine months then ended.

Finally, we had previously and erroneously, included rebates in sales and marketing expenses. The more appropriate presentation should have been, and is now, as a reduction to revenue, as provided by EITF 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*. As provided by paragraph 12 of EITF 01-09, comparative periods presented for the three and nine months ended September 30, 2001 have been reclassified to conform with the 2002 presentation.

A summary of the effects of these changes is as follows:

Findex.com, Inc.
CONSOLIDATED BALANCE SHEETS
September 30, 2002

	As Previously Reported	As Restated	Change	
Assets				
Current assets:				
Cash and cash equivalents	$ 24,405	$ 24,405	$ ---	
Accounts receivable, trade	306,690	306,690	---	
Inventories	533,357	533,357	---	
Other current assets	34,657	34,657	---	
Total current assets	899,109	899,109	---	
Property and equipment, net	102,100	102,100	---	
Software license, net	2,571,145	3,398,674	827,529	(a)
Other assets	20,298	20,298	---	
Total assets	$ 3,592,652	$ 4,420,181	$ 827,529	
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable, trade	$ 1,133,489	$ 1,034,541	$ (98,948)	(b)
Notes payable	749,999	749,999	---	
Accrued royalties	2,091,422	2,091,422	---	
Accrued expenses	2,341,585	1,248,542	(1,093,043)	(c)
Current maturities of long-term debt	55,877	55,877	---	
Total current liabilities	6,372,372	5,180,381	(1,191,991)	
Long-term note payable	63,726	63,726	---	
Deferred income taxes, net	---	994,469	994,469	(d)
Stockholders' equity:				
Preferred stock, $.001 par value	51	51	---	
Common stock, $.001 par value	19,575	19,575	---	
Paid-in capital	7,016,308	7,016,308	---	
Retained (deficit)	(9,879,380)	(8,854,329)	1,025,051	
Total stockholders' equity	(2,843,446)	(1,818,395)	1,025,051	
Total liabilities and stockholders' equity	$ 3,592,652	$ 4,420,181	$ 827,529	

(a) Increased by $1,051,785 reclassification of forgiven final installment payment and decreased by $224,256 additional amortization from reducing the estimated useful life from 50 years to 10 years.

(b) Decreased by $98,948 from 2000 overstatement of trade payable to third-party rebate processor.
(c) Decreased by $1,093,043 for reclassification of deferred income taxes as non-current.
(d) Increased by $994,469 for recalculation of deferred income taxes resulting from reclassification of forgiven final installment payment and additional amortization from reducing the estimated useful life of the software license.

Findex.com, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Nine Months Ended September 30, 2002

	As Previously Reported	As Restated	Change	
Revenues, net of reserves and allowances	$ 2,932,466	$ 2,931,792	$ (674)	(a)
Cost of sales	572,201	584,497	12,296	(b)
Gross profit	2,360,265	2,347,295	(12,970)	
Operating expenses:				
Sales and marketing	633,964	620,994	(12,970)	
General and administrative	1,383,640	1,383,640	---	
Depreciation and amortization	184,098	408,353	224,255	(c)
Total operating expenses	2,201,702	2,412,987	211,285	
Earnings from operations	158,563	(65,692)	(224,255)	
Other income	191	1,051,976	1,051,785	