ISSUER DIRECT CORP
Form 10-K
March 20, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

þ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Fiscal Year Ended: December 31, 2008

ISSUER DIRECT CORPORATION

(Name of small business issuer in its charter)

Delaware	**1-10185**	**26-1331503**
(State or Other Jurisdiction of Incorporation)	*(Commission File Number)*	*(I.R.S. Employer Identification No.)*

201 Shannon Oaks Circle Suite 105, Cary, North Carolina 27511

(Address of Principal Executive Office) (Zip Code)

(919) 481-4000

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
None	

Securities registered pursuant to Section 12(g) of the Act:

Common stock, $0.001
(Title of Class)

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

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

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 þ No ¨

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer þ Smaller reporting company ¨

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2008, the last business day of the registrant's second fiscal quarter, was approximately $3,107,697 based on the closing price reported on such date of the registrant's common stock.

As of March 15, 2009, the number of outstanding shares of the registrant's common stock was 16,584,717.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

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CAUTIONARY STATEMENT

All statements, other than statements of historical fact, included in this Form 10-K, including without limitation the statements under Management s Discussion and Analysis of Financial Condition and Results of Operations and Description of Business, are, or may be deemed to be, forward-looking statements. Such forward-looking statements involve assumptions, known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Issuer Direct Corporation, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements contained in this Form 10-K.

In our capacity as Company management, we may from time to time make written or oral forward-looking statements with respect to our long-term objectives or expectations which may be included in our filings with the Securities and Exchange Commission (the SEC), reports to stockholders and information provided in our web site.

The words or phrases will likely, are expected to, is anticipated, is predicted, forecast, estimate, projec continue, believes, or similar expressions identify forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. We wish to caution you not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We are calling to your attention important factors that could affect our financial performance and could cause actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

The following list of important factors may not be all-inclusive, and we specifically decline to undertake an obligation to publicly revise any forward-looking statements that have been made to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. Among the factors that could have an impact on our ability to achieve expected operating results and growth plan goals and/or affect the market price of our stock are:

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Lack of operating history, operating revenue or earnings history.

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Dependence on key personnel.

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Fluctuation in quarterly operating results and seasonality in certain of our markets.

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Our ability to raise capital to fund our operations.

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Our ability to successfully integrate and operate acquired or newly formed entities, ventures and or subsidiaries.

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Changes in laws and regulations that affect our operations.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available, free of charge, on our website at www.issuerdirect.com.

The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The public may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

PART I

ITEM 1.

DESCRIPTION OF BUSINESS.

Corporate History

Issuer Direct Corporation (Issuer Direct Corporation and its business are hereinafter collectively referred to as Issuer Direct , the Company , we or our unless otherwise noted). We are a Delaware corporation formed in October 19 under the name Docucon Incorporated. In December 2007, we changed our name to Issuer Direct Corporation. Our executive offices are located at 201 Shannon Oaks Circle Suite 105 Cary, North Carolina 27511 and our corporate telephone number is (919) 461-1600.

Overview

Issuer Direct Corporation (Issuer Direct or the Company) is a full service provider of financial print and related compliance communications both online and in print. Our mission is to alleviate the complexity of maintaining compliance while expanding communication mediums to shareholders. We leverage our securities compliance and regulatory expertise to provide a comprehensive set of services that enhance a client s ability to communicate effectively with its shareholder base while meeting all reporting regulations required. We believe our comprehensive set of services enables us to be the financial services provider of choice for our clients.

As a shareholder communication company, we are dedicated to assisting our corporate issuers in an ever-changing regulatory environment and to comply with the myriad of rules imposed by regulatory bodies. The majority of our business involves the distribution of content either electronically or traditional paper form to governing bodies and shareholders alike through our integrated back office systems and service platform. Under these regulations, we are licensed to disseminate, communicate and or solicit on behalf of our clients, the issuers.

Our iProxy Direct platform encompasses both an environmental initiative as well as the SEC s Notice and Access option which blends online and print communication. Our green issuer initiative offers companies the ability to reduce their carbon footprints, by printing less and utilizing our digital platforms. We are a full service EDGAR filing agent, assisting corporate issuers, funds, law firms, transfer agents and individuals with all of their filing needs, beyond traditional EDGAR toward an interactive reporting initiative.

The securities and financial services industries generally are subject to regulation in the United States and elsewhere. Regulatory policies in the United States and the rest of the world are tasked with safeguarding the integrity of the securities and financial markets with protecting the interests of both issuers and shareholders.

In the United States, issuers reporting under the Securities Exchange Act of 1934 are subject to regulation under both federal and state laws. At the federal level, the Securities and Exchange Commission (SEC) regulates the securities industry, along with the Financial Industry Regulatory Authority, or FINRA, formally known as NASD and NYSE market regulations, various stock exchanges, and other self-regulatory organizations (SRO).

The SEC is rapidly adopting rule amendments that have and will continue to change the environment and structure for which issuers must quickly comply. This changing environment opens additional opportunities to Issuer Direct and

makes our solution even more compelling as issuers scramble to comply. For example, on July 26, 2007, the SEC adopted rule amendments that require public companies and soliciting persons to furnish proxy materials to stockholders by posting them on an Internet website other than the SEC s EDGAR website (the Universal Rule). Accelerated Issuers were required to comply with the Universal Rule for solicitations beginning on or after January 1, 2008. All other issuers and soliciting persons will have to comply with the rule amendments beginning on or after January 1, 2009. On May 14, 2008, the SEC mandated the use of XBRL beginning with companies with fiscal year ends after December 15, 2008, and annualized revenues of over $5 billion dollars.

During late 2007, we expanded our core offerings to include the delivery of financial information and tabulation of applicable information by way of our technology and our proxy and voter response systems. Our unique brands of iProxy Direct and Issuer Logistics, coupled with our traditional Edgarization and Typesetting and Financial Printing, enables us to act as a single source provider to thousands of corporate issuers and funds. We believe our comprehensive set of services enables us to be the financial services provider of choice for our clients.

During late 2008, we expanded our core offerings to include general transfer agent functions under the brand Direct Transfer; adding what will be one of the final comprehensive service offerings to our brands. As a single source provider, we believe our offerings enable issuers the ability to save thousands per year as compared to a single source vendor approach.

Over the next few years we intend to take steps to augment our core services by aligning with complementary service providers, such as companies offering virtual CFO services, incorporation services, registered agent services and outsourced paralegal companies. We believe that augmenting our services with other providers will expand our reach to issuers and their shareholders, but such success will solely depend on the potential relationship.

Services

Since inception, we have continuously worked to expand the services we provide to our issuers. We believe that by providing issuers with comprehensive services, we are able to be the partner of choice for publicly reporting companies. We often generate revenues from one of our core services with new issuers, and then over a specific period, the issuer also subscribes to other service offerings in the life cycle as illustrated above.

OUR OFFERINGS AND BRANDS INCLUDE:

iProxy Direct is a comprehensive suite of proxy services, including notice and access that takes into account every aspect of an issuers proxy needs. Preparing for an annual meeting or special proxy requires significant planning, rule change knowledge and print to digital options. iProxy is part of the solution that can be delivered in conjunction with our Notice & Access program and solicitation services.

Direct Transfer is our newest offering. As a fully registered and insured transfer agent, Direct Transfer can assist corporate issuers with automated reports, issuances in real time as well as combining our iProxy Direct portal into traditional transfer agent functions. Corporate issuers can then communicate with shareholders in real time by utilizing our back office technologies and services.

The EDGAR Service Bureau is a full service EDGAR filing agent that assists corporate issuers, funds, law firms, transfer agents and individuals with all of their filing needs. Additionally, the service bureau extends beyond traditional EDGAR and into the next generation of filing requirements of the SEC by supporting XBRL.

Elite Financial Press manages both large and small financial printing projects both press and POD (print on demand) for funds, public issuers and IPO transactional services. With its typesetting and graphic group, Elite handles every aspect of the printing process: project management, content management, translation, design assistance, scanning, typesetting, proofing, pre-press work, printing and bindery.

POD is a unique partnership that houses digital archives of thousands of annual reports and corporate overviews. POD fulfills upon request print and mail demand direct to the shareholder. This coincides with the core values of Green Issuer an eco-friendly unique social platform for issuers that have a green initiative or want to embrace a green plan.

Issuer Logistics is one of the largest proxy fulfillment centers of financial related and proxy material. Through our strategic partnership with GlobalMail, our fulfillment operations place proxy materials into the mail system quicker than traditional methods. Additionally each piece of mail carries unique tracking identifiers that allow both our staff and issuer approved constituents to request delivery confirmation of time sensitive material.

Green Issuer is a methodology that encompasses both our environmental initiative as well as the Notice and Access option a multi-platform that includes a blend of online and print, - all focused on the reduction of the issuers carbon footprint.

Our Strategy

Our strategy incorporates a blend of organic growth fostered by the selective pursuit of winning operational and financial strategies along with prudent acquisitions or systems and technologies that dovetail our corporate key strengths and initiatives. As the market changes it is evident issuers are seeking a single sourced, less complex way of reporting and staying compliant. Our strategy has always been to provide a comprehensive set of service offerings that comprise an end-to-end solution; we can be the service provider of choice to small-and medium-size corporate issuers. Our sales organization is focused not only on increasing the number of clients we serve, but also on increasing revenue per client by increasing the number of services each client utilizes.

Marketing and Sales

We continue to develop our brands through the focused marketing efforts of our sales force. We also engage in a continuous effort to increase our sales reach each quarter with professionals/consultants who have existing relationships selling products and/or services into our target market. In addition to marketing services directly to issuing companies, we maintain and seek to expand relationships with the law firms and funding organizations that specialize in serving issuing companies.

We also work in partnership with other filing agents, transfer agents and virtual CFOs to provide services to their target clients under agreements and white label services.

During 2008, we expanded our core offerings to include:

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Newswire services Issuers can access their press releases, schedule a release or modify pending releases online at issuercorp.com

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Transfer agent services were also added this year, bringing us closer to a complete well rounded offering for corporate issuers. Under the brand Direct Transfer, we will operate a fully functioning transfer agency servicing corporate issuers

Our business requires us to make investments in equipment, technology and facilities, even though we are principally a service-oriented business. In all of our offerings, quality, turn-around times, accuracy, and scalability as well as the need to preserve the confidential content of our issuers is of utmost importance and part of our core values.

The Financial Printing Market Overview

The financial printing industry is polarized between three large financial printers, then highly fragmented with smaller service companies and brokers that provide a limited to a full range of document management, conversion, and printing services. Print services are competitive and highly commoditized, with a tendency to produce slimmer margins than Edgar and related services. There are many small mom and pop shops that offer Edgar services, but we are one of the few companies that are issuer focused that provide a complete solution of compliant reporting and communication delivery, including proxy and shareholder disclosure management.

With the three major financial printers gearing their operations towards the large publicly traded companies and the small brokers lacking the infrastructure to meet tight deadlines, there are very few financial printers that have the ability to successfully support the financial printing requirements of small public and medium size companies.

Competition

The market for our services is highly competitive. We believe we offer a comprehensive set of solutions for our clients that few competitors, if any, can match. However, competition exists in each of the individual solutions we provide. Factors in this competition include speed, accuracy, price, customer service and the quality of supporting products and services.

We believe we are positioned to be the financial communications provider of choice as a cost-effective alternative to both small regional providers and global providers. We believe we benefit from our location in North Carolina as we do not experience significant competition for sales, customer service or production personnel.

Customers

Our customers include a wide variety of issuers, law firms, mutual funds, individuals, and other institutions. As of December 31, 2008 and 2007, our customer base primarily consisted of corporate issuers and law firms. During the year ended December 31, 2008, we generated revenues from two clients that were each greater than 10% of our total revenue; comprising 10.4% and 12.7% of total revenue.

Other Information

For each of the past two fiscal years, revenue generated from our compliance and reporting services has comprised the largest share of our total revenue, as indicated below:

	2008	**2007**
Revenue Streams		
Compliance and reporting services	47.6%	70.5%
Printing and financial communications	31.8%	22.0%
Fulfillment and distribution	16.6%	4.5%
Transfer agent services	3.5%	0%
Professional services and other	0.5%	3.0%
	100%	100%

Cyclical, Seasonal and Other Factors Affecting our Business

A greater portion of our printing, distribution and solicitation of proxy materials business segments will be processed during our second fiscal quarter (calendar quarter). Therefore, the seasonality of our revenue makes it difficult to estimate future operating results based on the results of any specific quarter and could affect an investor s ability to compare our financial condition and results of operations on a quarter-by-quarter basis. To balance the seasonal activity of print, distribution and solicitation of proxy materials, we plan to continue to grow our regulatory filing business, since it is linked to predictable periodic activity that is cyclical in nature.

Employees

As of December 31, 2008, we employed 12 full-time and one part-time employee as compared to 16 employees at December 31, 2007, none of which are represented by a union. As of the date herein, our employees work between our corporate office in North Carolina and our Florida operations.

Facilities

Our headquarters are located in Cary, North Carolina. We occupy 5700 square feet of office space pursuant to a three-year lease, and we believe we have sufficient space to sustain our growth through 2010. Additionally, we maintain a presence in South Florida.

Insurances

We maintain a general business liability policy and an errors and omissions policy specific to our industry and operations. We believe that our insurance program provides adequate coverage for all reasonable risks associated with operating our business. As of the date of this report, we have added additional insurance to cover the operations of operating a transfer agency.

Regulations

The securities and financial services industries generally are subject to regulation in the United States and elsewhere. Regulatory policies in the United States and the rest of the world are tasked with safeguarding the integrity of the securities and financial markets with protecting the interests of both issuers and shareholders.

In the United States, issuers (public companies) are subject to regulation under both federal and state laws. At the federal level, the Securities and Exchange Commission regulates the securities industry, along with the Financial Industry Regulatory Authority, or FINRA, formally known as NASD and NYSE market regulations, various stock exchanges, and other self-regulatory organizations (SRO).

Our mission is to assist corporate issuers with these regulations, communication and compliance of rules imposed by regulatory bodies. The majority of our business involves the distribution of content, either electronically or paper, to governing bodies and shareholders alike. We are licensed under these regulations to disseminate, communicate and or solicit on behalf of our clients, the issuers.

On July 26, 2007, the SEC adopted rule amendments that require public companies and soliciting persons to furnish proxy materials to stockholders by posting them on an Internet website other than the SEC s EDGAR website (the Universal Rule). Accelerated Issuers are required to comply with the Universal Rule for solicitations effective as of

January 1, 2008. All other issuers and soliciting persons will now have to comply with the rule amendments effective as of January 1, 2009. ***We adopted the voluntary accelerated requirements in 2008 and made available our proxy and annual report information online digitally and in print simultaneously for all of our shareholders of record.***

On December 18, 2008, the SEC voted to require public companies and mutual funds to use interactive data for financial information in XBRL (eXtensible Business Reporting Language), which they believe has the potential to increase the speed, accuracy and usability of financial disclosure and eventually reduce costs for investors. The purpose of the use of XBRL in regulatory filings is to uniquely code numbers within financial statements allowing computer programs to easily identify, extract, and compare them. For public companies, interactive data financial reporting will occur on a phased-in schedule beginning with larger filers in fiscal 2009 with the remaining companies phasing in over the next two years as follows:

Domestic and Foreign Large Accelerated Filers Using U.S. GAAP with Worldwide Public Common Equity Float above $5 Billion as of the End of the Second Fiscal Quarter of Their Most Recently Completed Fiscal Year.

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Quarterly report on Form 10 Q or annual report on Form 20 F or Form 40 F containing financial statements for a fiscal period ending on or after June 15, 2009.

All Other Large Accelerated Filers Using U.S. GAAP

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Quarterly report on Form 10 Q or annual report on Form 20 F or Form 40 F containing financial statements for a fiscal period ending on or after June 15, 2010.

All Remaining Filers Using U.S. GAAP

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Quarterly report on Form 10 Q or annual report on Form 20 F or Form 40 F containing financial statements for a fiscal period ending on or after June 15, 2011.

Foreign Private Issuers with Financial Statements Prepared in Accordance with IFRS as Issued By the IASB.

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Annual reports on Form 20 F or Form 40 F for fiscal periods ending on or after June 15, 2011

As reporting requirements continue to change, we are positioning ourselves at the forefront of emerging technologies that we feel will impact our issuers the greatest. We do not anticipate seeing any significant impacts to our revenues, client make-up or competiveness in the market.

Although the majority of our issuers are not required to file their financial statements in xBRL for eighteen months and beyond, we currently have the capacity and technology to successfully file all required financial statements in interactive data format. In fact our predecessor My EDGAR was one of the participants in the Securities and Exchange Commission xBRL round table discussion. Additionally, as part of the test group, we filed our first xBRL transmission for the period ended October 31, 2005 for Crystal International Travel Group.

ITEM 1A

RISK FACTORS.

Forward-Looking and Cautionary Statements

Investing in our common stock involves a high degree of risk. Prospective investors should carefully consider the following risks and uncertainties and all other information contained or referred to in this Annual Report on

Form 10-K before investing in our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our Common stock could decline, and you could lose all of your investment.

Risks related to our business

Revenue from shareholder disclosure documents is subject to regulatory changes and volatility in demand, which could adversely affect our operating results.

We anticipate that our printing and financial communications business segment will continue to contribute a material amount to our operating results going forward. The market for these services depends in part on the demand for investor documents, which is driven largely by capital markets activity and the requirements of the SEC and other regulatory bodies. Any rulemaking substantially affecting the content of documents to be filed and the method of their delivery could have an adverse effect on our business. Our compliance and reporting services revenue may be adversely affected as clients implement technologies enabling them to produce and disseminate documents on their own.

The environment in which we compete is highly competitive, which creates adverse pricing pressures and may harm our business and operating results if we cannot compete effectively.

Competition in our businesses is intense. The speed and accuracy with which we can meet client needs, the price of our services and the quality of our products and supporting services are factors in this competition. In financial communications, we compete directly with several other service providers having similar degrees of specialization.

Our marketing and business communications unit faces diverse competition from a variety of companies including commercial printers, in-house print operations, direct marketing agencies, facilities management companies, software providers and other consultants. In commercial printing services, we compete with general commercial printers, which are far more numerous than those in the financial printing market.

These competitive pressures could reduce our revenue and earnings.

We do not have long-term service agreements in the transactional services business, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and lead to adverse movements in the price of our common stock.

A majority of our revenue in our financial communications segment is derived from individual projects rather than long-term service agreements. Therefore, we cannot assure you that a client will engage us for further services once a project is completed or that a client will not unilaterally reduce the scope of, or terminate, existing projects. The absence of long-term service agreements makes it difficult to predict our future revenue. As a result, our financial results may fluctuate from quarter to quarter based on the timing and scope of the engagement with our clients which could, in turn, lead to adverse movements in the price of our common stock or increased volatility in our stock price generally.

If we are unable to retain our key employees and attract and retain other qualified personnel, our business could suffer.

Our ability to grow and our future success will depend to a significant extent on the continued contributions of our key executives, managers and employees. In addition, many of our individual technical and sales personnel have extensive experience in our business operations and/or have valuable client relationships that would be difficult to replace. Their departure, if unexpected and unplanned for, could cause a disruption to our business. Our future success also depends in large part on our ability to identify, attract and retain other highly qualified managerial, technical, sales and marketing and customer service personnel. Competition for these individuals is intense, especially in the markets in which we operate. We may not succeed in identifying, attracting and retaining these personnel. Further, competitors and other entities have in the past recruited and may in the future attempt to recruit our employees, particularly our sales personnel. The loss of the services of our key personnel, the inability to identify, attract and retain qualified personnel in the future or delays in hiring qualified personnel, particularly technical and sales personnel, could make it difficult for us to manage our business and meet key objectives, such as the timely introduction of new technology-based products and services, which could harm our business, financial condition and operating results.

If we fail to keep our clients information confidential or if we handle their information improperly, our business and reputation could be significantly and adversely affected.

We manage private and confidential information and documentation related to our clients finances and transactions, often prior to public dissemination. The use of insider information is highly regulated in the United States and abroad, and violations of securities laws and regulations may result in civil and criminal penalties. If we fail to keep our clients proprietary information and documentation confidential, we may lose existing clients and potential new clients and may expose them to significant loss of revenue based on the premature release of confidential information. We may also become subject to civil claims by our clients or other third parties or criminal investigations by appropriate authorities.

We must adapt to rapid changes in technology and client requirements to remain competitive.

The market and demand for our products and services, to a varying extent, have been characterized by:

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technological change;

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frequent product and service introductions; and

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evolving client requirements

We believe that these trends will continue into the foreseeable future. Our success will depend, in part, upon our ability to:

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enhance our existing products and services;

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successfully develop new products and services that meet increasing client requirements; and

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gain market acceptance.

To achieve these goals, we will need to continue to make substantial investments in sales and marketing. We may not:

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have sufficient resources to make these investments;

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be successful in developing product and service enhancements or new products and services on a timely basis, if at all; or

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be able to market successfully these enhancements and new products once developed.

Further, our products and services may be rendered obsolete or uncompetitive by new industry standards or changing technology.

Fluctuations in the costs of paper, ink, energy, and other raw materials may adversely impact us.

Our business is subject to risks associated with the cost and availability of paper, ink, other raw materials, and energy. Increases in the costs of these items may increase our costs, and we may not be able to pass these costs on to customers through higher prices. Increases in the costs of materials may adversely impact our customers demand for printing and related services. A severe paper or multi-market energy shortage could have an adverse effect upon many of our operations.

Our business could be harmed if we do not successfully manage the integration of businesses that we acquire.

As part of our business strategy, we have and may continue to acquire other businesses that complement our core capabilities. Our recent acquisitions are reflective of that strategy. The benefits of an acquisition may often take considerable time to develop and may not be realized. Acquisitions involve a number of risks, including:

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the difficulty of integrating the operations and personnel of the acquired businesses into our ongoing operations;

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the potential disruption of our ongoing business and distraction of management;

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the difficulty in incorporating acquired technology and rights into our products and technology;

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unanticipated expenses and delays relating to completing acquired development projects and technology integration;

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a potential increase in our indebtedness and contingent liabilities, which could restrict our ability to access additional capital when needed or to pursue other important elements of our business strategy;

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the management of geographically remote units;

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the establishment and maintenance of uniform standards, controls, procedures and policies;

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the impairment of relationships with employees and clients as a result of any integration of new management personnel;

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risks of entering markets or types of businesses in which we have either limited or no direct experience;

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the potential loss of key employees or clients of the acquired businesses; and

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potential unknown liabilities, such as liability for hazardous substances, or other difficulties associated with acquired businesses.

We haves a history of losses, and we may never achieve profitability.

We have incurred net losses and experienced negative cash flow for each quarter since inception. As of December 31, 2008, we have an accumulated deficit of $1.474 million. We expect to incur further losses in 2009 to further realize, execute and expand our business. Moreover, we may never achieve profitability and, even if we do, we may not be able to maintain profitability.

Our recurring losses raise substantial doubt as to our ability to continue as a going concern.

The accompanying financial statements have been prepared assuming we will continue as a going concern. As discussed in the notes to the financial statements, we have suffered recurring losses from operations, current liabilities exceed current assets, and cash flows from operations are negative, which all raise substantial doubt about our ability to continue as a going concern. Management s plans for funding future operations include the sale of debt and equity securities. Failure to raise additional funds under this plan would unfavorably impact our ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty, including our inability to realize the carrying value of assets.

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Our business may be affected by factors outside of our control.

Our ability to increase sales and to profitably deliver and sell our service offerings is subject to a number of risks, including changes to the regulatory filing and distribution of proxy materials, competitive risks such as the entrance of additional competitors into our market, pricing and competition and risks associated with the marketing of new services in order to remain competitive.

If potential customers take a long time to evaluate the use of our services, we could incur additional selling expenses and require additional working capital.

The acceptance of our services depends on a number of factors, including the nature and size of the potential customer base, the effectiveness of our system, and the extent of the commitment being made by the potential customer, and is difficult to predict. If potential customers take longer than we expect to decide whether to use our services, our selling expenses could increase, and we may need to raise additional capital sooner than we would otherwise need to.

The seasonality of business makes it difficult to predict future results based on specific fiscal quarters.

A greater portion of our printing, distribution and solicitation of proxy materials business will be processed during our second fiscal quarter. Therefore, the seasonality of our revenue makes it difficult to estimate future operating results based on the results of any specific quarter and could affect an investor s ability to compare our financial condition and results of operations on a quarter-by-quarter basis. To balance the seasonal activity of print, distribution and solicitation of proxy materials, we will continue to grow our other revenue streams since they are linked to predictable periodic activity that is cyclical in nature.

Risks Related to Our common stock; Liquidity Risks

The price of our common stock may fluctuate significantly, which could lead to losses for stockholders.

Stock of public companies can experience extreme price and volume fluctuations. These fluctuations often have been unrelated or out of proportion to the operating performance of such companies. We expect our stock price to be similarly volatile. These broad market fluctuations may continue and could harm our stock price. Any negative change in the public s perception of our prospects or companies in our market could also depress our stock price, regardless of our actual results. Factors affecting the trading price of our common stock may include:

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variations in operating results;

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announcements of strategic alliances or significant agreements by the Company or by competitors;

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recruitment or departure of key personnel;

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litigation, legislation, regulation of all or part of our business;

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changes in the estimates of operating results or changes in recommendations by any securities analyst that elect to follow our common stock; and

You may lose your investment in the shares.

An investment in the shares involves a high degree of risk. An investment in the shares is suitable only for investors who can bear a loss of their entire investment.

We have no intention to pay dividends on our common stock. For the near-term, we intend to retain any remaining future earnings, if any, to finance our operations and do not anticipate paying any cash dividends with respect to our common stock.

The issuance of preferred stock may have the effect of preventing a change of control and could dilute the voting power of our common stock and reduce the market price of our common stock.

Since March 20, 2008, our common stock has been listed on the Over the Counter Bulletin Board market under the symbol ISDR . There has been little or no trading of our common stock and no assurance can be given, when, if ever, an active trading market will develop or, if developed, that it will be sustained. As a result, investors may be unable to sell their shares of our common stock.

Broker-dealer practices in connection with transactions in penny stocks are regulated by certain rules adopted by the SEC. Penny stocks generally are equity securities with a price of less than $5.00, subject to exceptions. The rules require that a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, deliver a

standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in connection with the transaction and monthly account statements showing the market value of each penny stock held in the customer s account. In addition, the rules generally require that prior to a transaction in a penny stock the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser s written agreement to the transaction. These disclosure requirements may have the effect of reducing the liquidity of penny stocks. Our common stock is subject to the penny stock rules, and investors acquiring shares of our common stock may find it difficult to sell their shares of our common stock.

ITEM 2.

DESCRIPTION OF PROPERTY.

Our headquarters are located in Cary, North Carolina. We occupy 5,700 square feet of office space pursuant to a three-year lease, and we believe we have sufficient space to sustain our growth through 2010. Additionally, we maintain a presence in South Florida.

ITEM 3.

LEGAL PROCEEDINGS.

From time to time the Company may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of business. We are not currently involved in any legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

PART II

ITEM 5.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market for Common stock

Our common stock currently trades on the OTC Bulletin Board under the symbol ISDR. The following table sets forth for the periods indicated the high and low closing prices of our common stock.

	High	Low
Fiscal 2007		
Quarter Ended March 31, 2007	$0.15	$0.10
Quarter Ended June 30, 2007	0.20	0.11
Quarter Ended September 30, 2007	2.50	0.12
Quarter Ended December 31, 2007	2.14	0.85
Fiscal 2008		
Quarter Ended March 31, 2008	$1.24	$0.35
Quarter Ended June 30, 2008	0.89	0.20
Quarter Ended September 30, 2008	0.52	0.03
Quarter Ended December 31, 2008	0.08	0.01

The quotations provided herein may reflect inter-dealer prices without retail mark-up, markdown, or commissions, and may not represent actual transactions.

Our common stock trades on the OTC Bulletin Board under the symbol ISDR. Until March 20, 2008, our common stock was traded on the Pink sheets under the same symbol. Historically, our common stock was classified as a penny stock. Based on the trading prices during 2007, our common stock was considered a penny stock for purposes of federal securities laws.

If our common stock were to once again fall under the penny stock regulations, it may be difficult to trade the stock because compliance with the regulations can delay and/or preclude certain trading transactions. Broker-dealers may be discouraged from effecting transactions in our stock because of the sales practice and disclosure requirements for penny stock. This could adversely affect the liquidity and/or price of our common stock, and impede the sale of the stock.

Holders of Record

As of December 31, 2008, there were approximately 730 holders of record of our common stock and 18,834,717 shares outstanding. There were 2 holders of preferred shares and as of December 31, 2008, there were 7 shares outstanding.

Dividends

We have never paid cash dividends on our common stock and do not expect to pay any dividends in the foreseeable future. We intend to retain future earnings for use in the business.

ITEM 6.

SELECT FINANCIAL DATA

Two Year Financial Summary

	Year Ended December 31,	
	2008	**2007**
Statement of Operations		
Revenue	$ 1,425,331	$ 640,150
Cost of revenues	745,175	264,572
Gross profit	680,156	375,578
Operating costs	1,678,632	623,118
Operating loss	(998,476)	(247,540)
Interest expense	(8,886)	(37,348)
Other income	44,319	35,717
Loss from operations	$ (963,043)	$ (249,171)

	Year ended December 31,		
	2008	2007	% change
Revenue Streams			
Compliance and reporting services	$ 677,852	$ 451,355	50.2%
Print and financial communications	453,928	140,712	222.6%
Fulfillment and distribution	236,066	28,793	719.9%
Software licensing	50,260	19,290	160.6%
Transfer agent services	7,225		
Total	$ 1,425,331	$ 640,150	122.7%

Cyclical, Seasonality and Other Factors That Could Affect the Company s Business

A greater portion of our printing, distribution and solicitation of proxy materials business segments will be processed during our second fiscal quarter (calendar quarter). Therefore the seasonality of our revenue makes it difficult to estimate future operating results based on the results of any specific quarter and could affect an investor s ability to compare our financial condition and results of operations on a quarter-by-quarter basis. To balance the seasonal activity of print, distribution and solicitation of proxy materials, we will seek to continue to grow our other revenue streams since they are linked to predictable periodic activity that is cyclical in nature.

ITEM 7.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Except for the historical information contained herein, the matters discussed in this Form 10-K include certain forward-looking statements that involve risks and uncertainties, which are intended to be covered by safe harbors. Those statements include, but are not limited to, all statements regarding our and management s intent, belief and expectations, such as statements concerning our future and our operating and growth strategy. We generally use words such as "believe," "may," "could," "will," "intend," "expect," "anticipate," "plan," and similar expressions to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons including our ability to implement our business plan, our ability to raise additional funds and manage our substantial debts, consumer acceptance of our products, our ability to broaden our customer base, our ability to maintain a satisfactory relationship with our suppliers and other risks described in our reports filed with the Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made, and our future results, levels of activity, performance or achievements may not meet these expectations. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, the factors set forth under the Risk Factors section of this report. 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 us or any other person that our

objectives and plans will be achieved. All forward-looking statements made in this Form 10-K is based on information presently available to our management. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law.

Overview

The Company s (we , us , our) results from continuing operations improved in 2008 as compared to 2007. For the ye ended December 31, 2008, revenue increased 122.7% to $1,425,000 from $640,000 in 2007. The increase in our revenues for fiscal 2008 as compared to fiscal 2007 is directly linked to the expansion of our services as well as the continued expansion of the number of issuers as customers.

We continue to focus on both organic growth and consider inorganic acquisitions of complementary businesses that fit our business.

History of our operations

In March 2007, we acquired the assets of Edgarization, LLC, (Edgarization) for $130,000. The acquisition expanded the initial client base by 50%.

In July 2007, we acquired Bassett Press, Inc., (Bassett) for $107,000 in cash obligations and 300,000 shares of our common stock. Over the last fiscal year we have fully integrated the Bassett operations into our issuer services group, increased the numbers of clients from relationships acquired and expanded the services per client where a viable business opportunity exists.

Results of Operations

Management evaluates results by analyzing changes in revenue streams; however, gross margin (revenue less cost of revenue) is not measurable by revenue stream, therefore, we do not evaluate our business by segments.

Revenues earned in fiscal 2008 increased 122.7% to $1,425,331 compared to $640,150 in fiscal 2007. Overall gross margin for fiscal 2008 averaged 48% or $680,156 compared to 58.7% or $375,578 for fiscal 2007. The decline in gross margin percentage is a result of competitive price pressure on our services. The following tables display the change in revenue streams from quarter to quarter and year to year for fiscal 2008 and 2007.

Comparison of results of operations for the years ended December 31, 2008 and 2007

	Year ended December 31,		
	2008	**2007**	**% change**
Revenue Streams			
Compliance and reporting services	$ 677,852	$ 451,355	50.2%
Print and financial communications	453,928	140,712	222.6%
Fulfillment and distribution	236,066	28,793	719.9%
Software licensing	50,260	19,290	160.6%
Transfer agent services	7,225		
Total	$ 1,425,331	$ 640,150	122.7%

Comparison of results on Revenues quarter over quarter from 2008 compared to 2007

		Percent change
	Total Revenues	**Year over year**
For the period ended		
December 31, 2008	$368,804	44.7%
December 31, 2007	254,926	
September 30, 2008	312,378	37.5%
September 30, 2007	227,127	

June 30, 2008	450,799	300.2%
June 30, 2007	112,633	
March 31, 2008	293,350	545.2%
March 31, 2007	45,464	

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries, sales commissions, sales consultants, advertising expenses, and marketing. Sales and marketing expenses for the year ended December 31, 2008 increased approximately $99,347, or 53%, to $287,198, from $187,851 for the year ended December 31, 2007. The 2008 fiscal year included expenses from our acquired operations for a full fiscal year as compared to six months of activity during fiscal 2007. Additionally, we expanded our sales team and increased our overall sales efforts in fiscal 2008. Non-cash compensation paid for sales and marketing efforts totaled $37,500 and $50,000 in fiscal 2008 and 2007, respectively.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, insurance, fees for professional services, general corporate expenses and facility and equipment expenses. General and administrative expenses for the year ended December 31, 2008 increased $817,560, or 200%, to $1,226,243 from $408,683 for the year ended December 31, 2007. In fiscal 2008, we incurred additional professional and consulting fees as we sought and evaluated various

growth strategies. Approximately $600,000 of the fiscal 2008 expense was paid through the issuance of our common stock to employees and consultants in lieu of cash compensation and fees. Additionally, the 2008 fiscal year included expenses from our acquired operations for a full fiscal year as compared to six months of activity during fiscal 2007.

Depreciation, Amortization, and Impairment Charges

Depreciation and amortization increased from $26,584 to $35,191 during fiscal 2008 as compared to fiscal 2007, due to a higher level of depreciation and amortization of assets we acquired from Basset Press mid-way through the comparable 2007 period. Additionally, we recorded an impairment charge of $130,000 during the quarter ending September 30, 2008, which is the amount of goodwill that we recorded as a result of the acquisition of Edgarization, LLC in March 2007. To determine the amount of impairment, management weighed specific business factors at that time such as:

.

General market conditions and lack of financing/liquidity/interest in the industry,

.

Customers inability to pay for services timely,

.

Note payable to Edgarization, LLC., is in default,

.

Legal dispute with Edgarization as we believe the note holder has interfered with our ongoing business.

Other Income (Expense), Net

Other income and expense is comprised of interest expense we incurred on our various notes payable and income we recorded as the result of one-time negotiations and settlements with various parties, and vary in each fiscal period according to the specific issues addressed in the period. Included in fiscal 2008 other income is a $16,900 gain that we recognized pursuant to a settlement agreement with Edgarization LLC. The settlement agreement, dated January 28, 2009, provided for a payment of $35,000 in settlement of the remaining principal balance of the note payable that we issued pursuant to the acquisition of Edgarization in March 2007, and which resulted in the $16,900 gain, the effects of which we recorded in our financial statements for the year ending December 31, 2008 as negotiations were ongoing as of year end. See Note 14.

Income Taxes

Federal income tax expense for fiscal year 2007 was zero, and is projected to be zero in fiscal 2008 as well. Accordingly, an effective federal income tax rate of 0% was recorded for the years ended December 31, 2008 and 2007. As a result of the uncertainty that sufficient future taxable income can be recognized to realize additional deferred tax assets, no income tax benefit for the years ended December 31, 2008 and 2007 was recorded.

Net Loss

We recorded a net loss of approximately $963,043 and $249,171 in fiscal 2008 and 2007, respectively. The higher loss in fiscal 2008 was principally due to expenses we incurred as we explored various acquisition and growth strategies, and was funded through the issuance of common stock.

Liquidity and Capital Resources

We generated approximately $11,000 cash from our operating activities during fiscal 2008 as compared to usage of $167,000 cash in fiscal 2007. In fiscal 2008, we purchased equipment totaling $10,000 and paid $40,000 of principal of our notes payable. We raised $50,000 cash through the issuance of common stock in 2008, versus $260,000 cash in 2007.

As of December 31, 2008, we had approximately $50,000 in cash and cash equivalents and $166,000 net accounts receivable. Current liabilities for the period ended December 31, 2008, totaled $410,000, including accrued payroll liabilities, accounts and notes payable, and accrued expenses. At December 31, 2008, our total liabilities exceeded our total assets by $19,000. Subsequent to year end, we paid $35,000 cash in full payment of one of our notes payable with a carrying value of $51,900. In July 2009, another note payable matures and requires a final payment of $25,000. As of December 31, 2008, we are in default on a $23,525 note payable. Finally, two notes payable totaling $50,000 to related parties will mature upon the completion of equity funding in excess of $1,000,000.

We manage our cash flow carefully with the intent to meet our obligations from cash generated from operations. However, we anticipate that we will have to raise additional funds through the issuance of equity in order to meet

our debt obligations. There can be no assurance that cash generated from operations will be sufficient to fund our operating expenses or meet our other obligations, and there is no assurance that debt or equity financing will be available, or if available, that such financing will be upon terms acceptable to us.

Disclosure About Off-Balance Sheet Arrangements

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements

Outlook

The following statements and certain statements made elsewhere in this document are based upon current expectations. These statements are forward looking and are subject to factors that could cause actual results to differ materially from those suggested here, including, without limitation, demand for and acceptance of our services, new developments, competition and general economic or market conditions, particularly in the domestic and international capital markets. Refer also to the Cautionary Statement Concerning Forward Looking Statements included in this report.

Our vision is to improve our overall market position as the premier financial document and print distribution service company by providing a true single sourced model for issuers and the capital markets.

We pride ourselves on, the best Systems, the best service to our clients, the highest Support to our staff; record Results, higher Returns to our shareholders, and higher Rewards to our team members.

Our strategy is focused on maximizing long-term shareholder value by driving profitable growth, continuing our focus on productivity, and acquiring and integrating complementary businesses. To increase shareholder value, we pursue three major strategic objectives.

Plan of Operation

The following plan of operations provides information which our management believes is relevant to an assessment and understanding of our business, operations and financial condition. The discussion should be read in conjunction with the financial statements as of and for the periods ended December 31, 2008 and 2007, and the notes thereto which are included in this Annual Report. This plan of operation contains forward-looking statements that involve risks, uncertainties and assumptions.

Our actual results may differ substantially from those anticipated in any forward-looking statements included in this discussion as a result of various factors, including those set forth in Risk Factors contained elsewhere in this Annual Report.

In fiscal 2009, we will focus on expanding our existing customer relationships as well as acquiring new customers. We expect our revenues to increase at a similar rate as that of fiscal 2008. Overall, we expect the increases will be in contract services such as transfer agency services, news wire services and proxy engagements. We believe that our unique offerings yield a competitive advantage in the marketplace even though we operate in a competitive sector. We anticipate further consolidation in the marketplace of financial printers and suppliers in 2009, which may result in

pricing pressures; however, we believe our unique business segments will provide us the opportunity to increase our overall market.

Technological advancements - such as the electronic distribution of documents, online distribution and notice and access programs, as well as our unique print-on-demand technology will impact the markets we serve in 2009 and beyond and create a larger demand for our products and services. Looking forward we have accounted for the possible substitute of traditional printed materials for a more robust electronic delivery and online voting systems. To address these longer term industry concerns we have spent considerable amounts of time in specific segments of our business, building brands around Notice and Access, through our iProxy Direct systems, coupled with our partnership with GlobalMail that created our Issuer Logistics model.

Critical Accounting Policies and Estimates

We prepare our financial statements in conformity with accounting principles generally accepted in the United States. Our significant accounting policies are disclosed in the notes to the Financial Statements. The selection and application of these accounting principles and methods requires management to make estimates and assumptions

that affect the reported amounts of assets, liabilities, revenues and expenses, as well as certain financial statement disclosures. On an ongoing basis, we evaluate our estimates, including those related to the recognition of revenue, allowance for doubtful accounts, valuation of goodwill and other intangible assets, income tax provision and deferred taxes, restructuring costs, actuarial assumptions for employee benefit plans, and contingent liabilities related to litigation and other claims and assessments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. While management believes that the estimates and assumptions we use in preparing the financial statements are appropriate, these estimates and assumptions are subject to a number of factors and uncertainties regarding their ultimate outcome, and therefore, actual results could differ from these estimates.

We derive revenues from four primary sources: Edgarization, financial printing, proxy and tabulation and fulfillment related services. We recognize revenue when services are rendered or delivered to customers either at time of delivery or completion, where collectability is probable. If we receive amounts in advance, the revenue is allocated as deferred revenues until the services are performed and the revenue is earned.

Allowance for Doubtful Accounts

We provide an allowance for doubtful accounts, which is based upon a review of outstanding receivables as well as historical collection information. Credit is granted to most customers on an unsecured basis. In determining the amount of the allowance, management is required to make certain estimates and assumptions. As of December 31, 2008 and 2007, we had recorded an allowance for doubtful accounts of approximately $43,764 and $11,950, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets, such as property and equipment and intangible assets are not subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of an asset group exceeds fair value of the asset group.

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment to SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 159 permits entities to measure certain financial assets and financial liabilities at fair value. SFAS No. 159 requires prospective application and is effective for fiscal years beginning after November 15,

2007. The Company s adoption did not have a material effect on our results of operations or financial position for the year ended December 31, 2008.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations . This standard establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. This statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. This Statement is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. The Company will adopt this standard during the first quarter of 2009 and is currently evaluating the impact this standard will have on its financial statements.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 which applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. The statement is effective for annual periods beginning after December 15, 2008. The management is currently evaluating the effect of this pronouncement on financial statements.

The above pronouncements are not currently expected to have a material effect on our financial statements.

ITEM 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not believe that we face material market risk with respect to our cash, cash equivalents and restricted cash investments, which totaled $50,000 and $39,000 at December 31, 2008 and 2007, respectively. We held no marketable securities as of December 31, 2008, or 2007.

ITEM 8.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements required by this Item 8 are set forth in Item 15 of this Annual Report. All information which has been omitted is either inapplicable or not required.

Our balance sheets as of December 31, 2008 and 2007, and the related statements of operations, stockholders Equity equity/deficit and cash flows for the two years ended December 31, 2008, and 2007, together with the independent registered public accountants report thereon appear beginning on Page F-1.

ITEM 9.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Effective September 28, 2007, we retained the accounting firm of De Joya Griffith & Company, LLC (De Joya) to serve as our principal independent accountant to review or audit, as the case may be, its financial statements beginning with fiscal year ended December 31, 2002. Before we engaged De Joya as our principal independent accountant, we did not consult with De Joya regarding the application of accounting principles to a specific transaction; or the type of audit opinion that might be rendered on our financial statements; or regarding any matters that were the subject of any disagreement between us and any of our former principal independent accountants.

On January 9, 2009, we dismissed De Joya Griffith as our independent registered public accounting firm. The decision to dismiss De Joya was made and approved by our Board of Directors.

The audit reports of De Joya on our financial statements for the fiscal years ended December 31, 2007 and 2006 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to audit scope, or accounting principles. However, the De Joya reports for these fiscal years ended contained a going concern qualification. This qualification expressed substantial doubt about our ability to continue as a going concern based on significant recurring operating losses. During the two most recent fiscal years and the subsequent interim periods through January 9, 2009, we had no disagreements with De Joya on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to their satisfaction, would have caused De Joya to make reference to the subject matter of the disagreement in connection with its reports. In addition, during that time there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K).

Effective January 9, 2009, we engaged GBH CPAs, PC. (GBH) as our new independent registered public accounting firm. The decision to engage GBH was made and approved by our Board of Directors.

During the two most recent fiscal years and through January 9, 2009, we have not consulted with GBH regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company s financial statements; or (ii) any matter that was either subject of a disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as that term is described in Item 304(a)(1)(v) of Regulation S-K).

ITEM 9A.

CONTROLS AND PROCEDURES.

Management s annual report regarding internal disclosure controls and procedures. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes, in accordance with generally accepted accounting principles. The effectiveness of any system of internal control over financial reporting is subject to inherent limitations and therefore, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of future periods are subject to the risk that the controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this annual report.

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were effective as of December 31, 2008 to ensure that information required to be disclosed in reports that are filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Inherent Limitations over Internal Controls

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Management, including our Chief Executive Officer and Chief Accounting Officer, does not expect that our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal

controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Report of Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations ("COSO"). Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2008.

During the quarter ended December 31, 2008, we replaced certain accounting staff and our Chief Financial Officer took a more active role in our accounting cycle, which strengthened our internal controls. There were no changes in our internal controls that could materially affect the disclosure controls and procedures subsequent to the date of their evaluation, nor were there any material deficiencies or material weaknesses in our internal controls. As a result, no corrective actions were required or undertaken.

ITEM 9B.

OTHER INFORMATION.

This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subjected to attestation by the Company s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this annual report.

PART III

ITEM 10.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Directors and executive officers

At December 31, 2008, the names, ages, positions and terms of office of all of the Company s directors and executive officers and all persons nominated or chosen to become such were:

Name	Age	Position
Brian R. Balbirnie	37	Chairman of the Board, Chief Executive Officer
James M. Learish	39	President, Director
Edward P. Gistaro	73	Director
Chauncey E. Schmidt	75	Director
Lori Jones	51	Chief Financial Officer

Brian R. Balbirnie Chairman, Chief Executive Officer

Brian R. Balbirnie is the Chairman and Chief Executive Officer for Issuer Direct Corporation, and one of the initial co-founders of My EDGAR. Prior to starting the Company, Mr. Balbirnie was the managing partner of a compliance and consulting practice focused on the Sarbanes Oxley Act. Mr. Balbirnie also served as the Chief Financial Officer and Chief Operating Officer for Mobile Reach International, a public entity located in North Carolina; responsible for the day to day operations, including all facets of SEC reporting. Mr. Balbirnie spent several years consulting with companies, assisting in public strategies, Merger Acquisitions and financial reporting. In the early nineties, Mr. Balbirnie founded the first wireless data compression solutions exclusively sold through the Bell South and AT&T channel network winning best wireless company by Ziff Davis. Mr. Balbirnie attended St. Petersburg College majoring in Business Administration and Marketing.

James M. Learish President and Director

Mr. Learish served as President, and Director, until January 8, 2009, when he resigned as President. He is one of the co-founders of My EDGAR. Prior to starting the Company, Mr. Learish spent over four years as a Managing Director in multiple strategic business and investment consultancies that consulted to private and public companies on all areas of business operations, including raising capital, going public, and shareholder communications. In addition to his investment and shareholder communications experience, Mr. Learish performed executive consulting duties in the telecommunication, pharmaceutical, high-tech, utility, and domestic & international banking industries for companies such as GlaxoSmithKline, Wachovia, TECO Energy, and Mercantil, C.A., Mr. Learish holds an MBA from Duke University (1998) and a BS in Finance from the Florida Southern College (1991).

Edward P. Gistaro Director

Edward P. Gistaro has served as Chairman of the Board of Directors of Docucon incorporated since 1990. He served as Chief Executive Officer of the Company from June 4, 1988 until April 1998, when the Board of Directors accepted his recommendation that he be replaced by Douglas P. Gill as Chief Executive Officer. Mr. Gistaro also served as President of the Company from 1988 until 1991. In 1973, Mr. Gistaro joined Datapoint Corporation as VP of Marketing. During his tenure at Datapoint, he held various management positions, including chief executive officer, chief financial officer, president and chief operating officer. While at Datapoint, Mr. Gistaro negotiated and executed more than $150 million in acquisition and financing transactions, and played a key role in the company's growth from $16 million to $600 million, at which time Datapoint Corporation became a Fortune 500 company. In addition to serving as Chairman of the Board of Directors for Docucon Incorporated, Mr. Gistaro also serves as a director on the boards of Analytical Surveys, Inc., since 2004 and InSite Services since 2006.

Chauncey E. Schmidt Director

Chauncey E. Schmidt was elected to the Board of Directors of Docucon Incorporated in February 1993. He has been Chairman of C.E. Schmidt & Associates, an investment firm, since April 1989. From 1987 to March 1989, he was Vice Chairman of the Board of AMFAC, Inc., a New York Stock Exchange-listed Company engaged in diversified businesses. He has previously served as President of The First National Bank of Chicago and Chairman of the Board of Directors and Chief Executive Officer of The Bank of California, N.A. Mr. Schmidt is on the Board of Trustees of the U.S. Naval War College Foundation and is active in several civic and charitable organizations.

Lori Jones Chief Financial Officer

Lori Jones was appointed Chief Financial Officer in June 2008. She served as Chief Executive Officer and Chief Financial Officer of Analytical Surveys, Inc. (ASI) from December 2004 and January 2003, respectively, through March 2008, when ASI acquired Axion International Inc. From March 2001 to January 2003, Ms. Jones was a partner with Tatum CFO Partners LLP, a financial consulting company. From May 2000 to March 2001, Ms. Jones served as the Chief Financial Officer of Worldmerc Incorporated. From January 1999 to May 2000, Ms. Jones was the Chief Financial Officer of Billserv Inc., an electronic billing presentation and payment service company. Ms. Jones is a C.P.A. and holds a M.B.A. from the University of Texas at San Antonio.

Election of Directors and Officers

Holders of our common stock are entitled to one (1) vote for each share held on all matters submitted to a vote of the stockholders, including the election of directors. Cumulative voting with respect to the election of directors is not permitted by our Articles of Incorporation.

Our Board of Directors shall be elected at the annual meeting of the shareholders or at a special meeting called for that purpose. Each director shall hold office until the next annual meeting of shareholders and until the director s successor is elected and qualified.

ITEM 11.

EXECUTIVE COMPENSATION.

The following Summary Compensation Table sets forth, for the years indicated, all cash compensation, paid, distributed or accrued for services, including salary and bonus amounts, rendered in all capacities by our Chief Executive Officer, our former Chief Executive Officer and all other executive officers who received or are entitled to receive compensation in excess of $100,000 during the stated period.

Summary Compensation Table

					Long-Term Compensation			
		Annual Compensation			**Awards**		**Payouts**	
Name and Principal Position	**Year (Dec 31st)**	**Salary**	**Bonus ($)**	**Other Annual Compensation ($)**	**Restricted Stock Awards ($)**	**Securities Underlying Options/SARs**	**LTIP Payouts**	**All Other Compensation ($)**
Brian R. Balbirnie Chairman, Chief Executive Officer	2008	$ 56,700		68,750				
	2007	$ 27,000						
	2006	67,500 [1]						

James M. Learish President	2008	$ 56,500	56,250
	2007	$ 15,000	
	2006	67,500 [2]	
Lori Jones Chief Financial Officer	2008	$ 18,000	29,000

1

For the period ended December 31, 2006, the wages payable and accrued wages payable for the above named officer totaled $67,500. As of December 31, 2006, $27,500 was paid; the balance was converted into 3,750,000 shares of the company s common stock.

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For the period ended December 31, 2006 the wages payable and accrued wages payable for the above named officer total $67,500, as of December 31, 2006 $23,500 was paid, the balance was converted into 3,300,000 shares of the company s common stock.

Employment Agreements

We do not have employment agreements with any employees.

Compensation of Directors

During the years ending December 31, 2008 and 2007, we did not pay cash or equity compensation to our non-employee directors. At December 31, 2008 and 2007, there were no arrangements, standard or otherwise, pursuant to which any director of the Company was compensated for any service he or she provided as a director, including, without limitation, any additional amounts payable to any director for committee participation or special assignments. During fiscal year ended December 31, 2008 and 2007, there were no arrangements, including, without limitation, consulting contracts, pursuant to which any director of the Company was compensated for any service he or she provided as a director, and/or otherwise entered into in consideration of any director s service on the Company s Board of Directors.

Outstanding Equity Awards at Fiscal Year End

None.

ITEM 12.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information regarding the beneficial ownership of our common stock as of March 15, 2009 by: (i) each person who, to our knowledge, beneficially owns more than 5% of our common stock; (ii) each of our directors and named executive officers ; and (iii) all of our executive officers and directors as a group:

Name and address of Beneficial Owner	Number of Shares	Percent of Class[(1)]
Directors and Named Executive Officers		
Brian R. Balbirnie	5,994,099	36.14%
James M. Learish	425,000	2.56%
Edward Gistaro	136,139	0.82%
Chauncey Schmidt	122,334	0.74%
Lori Jones	332,000	2.00%
Beyond the Box	1,023,804	6.17%
James Michael	2,805,000	16.91%
All Directors and Executive Officers as a group (5 persons)	7,009,572	42.27%

(1)

As of March 15, 2009, we had 16,584,717 shares of common stock outstanding. Unless otherwise indicated in these footnotes, each stockholder has sole voting and investment power with respect to the shares beneficially owned. All share amounts reflect beneficial ownership determined pursuant to Rule 13d-3 under the Exchange Act. All information with respect to beneficial ownership has been furnished by the respective director, executive officer or stockholder, as the case may be.

ITEM 13.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

ITEM 14.

PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a)

Audit Fees.

Audit fees billed by De Joya Griffith & Company, LLC (De Joya) for the audit of our annual financial statements included in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007, and for the review of the financial statements included in our Quarterly Reports on Form 10-QSB filed with the SEC for that year totaled $30,000. Audit fees billed by De Joya for the review of quarterly financial statements included in our Forms 10-QSB for the quarters through September 30, 2008 totaled $14,500.

Audit fees billed by GBH, CPAs, PC (GBH) for the audit of our annual financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 totaled $15,000.

(b)

Audit-Related Fees.

The aggregate fees billed for professional services rendered by De Joya for assurance and related services for the fiscal year ended December 30, 2007, totaled approximately $3,000. Audit-related fees were one time charges for accounting services related to the transactions and integration of accounting systems and controls.

(c)

Tax Fees.

There were no tax fees billed by De Joya or GBH during the years ended December 31, 2007 and 2008.

(d)

All Other Fees.

There were no other fees billed by De Joya or GBH during the years ended December 31, 2007 and 2008 for services rendered by or not reportable as Audit Fees, Audit-Related Fees or Tax Fees.

PART IV

ITEM 15.

EXHIBITS.

(a)

Financial Statements

The financial statements listed in the accompanying index (page F-1) to the financial statements are filed as part of this Annual Report on Form 10-K.

(b)

Exhibits

Exhibit Number	Exhibit Description
31.1	Rule 13a-14(a) Certification of Principal Executive Officer.*
31.2	Rule 13a-14(a) Certification of Principal Financial Officer.*
32.1	Section 1350 Certification of Principal Executive Officer.*
32.2	Section 1350 Certification of Principal Financial Officer.*

* Filed herewith

(c)

Financial Statement Schedules omitted

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ISSUER DIRECT CORPORATION

Date: March 19, 2009	By:	/s/ BRIAN R. BALBIRNIE Brian R. Balbirnie Chairman of the Board of Directors, and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 31st day of March 2008.

Signature	*Date*	*Title*
/s/ BRIAN R. BALBIRNIE Brian R. Balbirnie	March 19, 2009	Chief Executive Officer and Chairman of the Board of Directors and Director (principal executive officer)
/s/ LORI JONES Lori Jones	March 19, 2009	Chief Financial Officer
/s/ JAMES M. LEARISH James M. Learish	March 19, 2009	Director
/s/ EDWARD P. GISTARO Edward P. Gistaro	March 19, 2009	Director
/s/ CHAUNCEY SCHMIDT Chauncey Schmidt	March 19, 2009	Director

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Issuer Direct Corporation

Cary, North Carolina

We have audited the accompanying consolidated balance sheet of Issuer Direct Corporation as of December 31, 2008, and the related consolidated statements of operations, stockholders deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Issuer Direct Corporation as of December 31, 2008, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

GBH CPAs, PC

www.gbhcpas.com

Houston, Texas

March 18, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Issuer Direct Corporation

Cary, North Carolina

We have audited the accompanying balance sheets of Issuer Direct Corporation as of December 31, 2007 and 2006, and the related statements of operations, stockholders equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Issuer Direct Corporation as of December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

De Joya Griffith & Company, LLC

/s/ De Joya Griffith & Company, LLC

Henderson, NV

March 27, 2008

ISSUER DIRECT CORPORATION

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2008 AND 2007

	December 31, 2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 50,367	$ 39,318
Accounts receivable (net of allowance for doubtful accounts of $43,764 and $11,950, respectively)	165,681	124,954
Security deposits	6,242	7,617
Other current assets	2,855	3,549
Total current assets	225,145	175,438
Furniture, equipment and improvements (net of accumulated depreciation of $43,201 and $41,835, respectively)	15,987	16,337
Other long term assets	2,000	
Intangible assets (net of accumulated amortization and impairment of $170,500 and $16,000, respectively)	147,695	302,195
Total assets	$ 390,827	$ 493,970
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 143,560	$ 54,705
Accrued expenses	128,050	89,191
Note payable related party	73,525	73,525
Notes payable other	64,828	121,792
Total liabilities	409,963	339,213
Stockholders' equity (deficit):		
Preferred stock, $1.00 par value, 10,000,000 shares authorized Series A, 60 shares designated, 7 shares issued and outstanding	7	7
Series B, 476,200 shares designated; no shares issued and outstanding		
Common stock $0.01 par value, 100,000,000 shares	18,834	16,235

authorized, 18,834,717 and 16,235,723 shares issued and outstanding , respectively				
Additional paid-in capital		1,441,006		654,455
Treasury stock, at cost, 4,495 shares		(4,236)		(4,236)
Accumulated deficit		(1,474,747)		(511,704)
Total stockholders' equity (deficit)		(19,136)		154,757
Total liabilities and stockholders equity (deficit)	$	390,827	$	493,970

The accompanying notes are an integral part of these financial statements.

ISSUER DIRECT CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2008	**2007**
Revenues		
Document conversion	$ 677,852	$ 451,355
Printing and financial communication	453,928	140,712
Fulfillment and distribution	236,066	28,793
Software licensing	50,260	19,290
Transfer agent services	7,225	
Total	1,425,331	640,150
Cost of services	745,175	264,572
Gross profit	680,156	375,578
Operating costs and expenses		
General and administrative	1,226,243	408,683
Sales and marketing expenses	287,198	187,851
Impairment charges	130,000	
Depreciation and amortization	35,191	26,584
Total operating costs and expenses	1,678, 632	623,118
Net operating loss	(998,476)	(247,540)
Other income (expense):		
Interest expense	(8,886)	(37,348)
Gain on settlement of debt	16,902	
Other income (expense)	27,417	35,717
Total other income (expense)	35,433	(1,631)
Net loss	$ (963,043)	$ (249,171)
Loss per share basic and diluted	$ (0.05)	$ (0.02)
Weighted average number of common shares outstanding basic and diluted	17,834,100	14,039,613

The accompanying notes are an integral part of these financial statements.

ISSUER DIRECT CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS DEFICIT

YEARS ENDED DECEMBER 31, 2007 AND 2008

	Preferred Stock		Common Stock		Treasury	Additional Paid-in	Accumulated	Total Stockholders Equity
	Shares	Amount	Shares	Amount	Stock	Capital	Deficit	(Deficit)
Balance at end of period December 31, 2006		$	5,031,000	$ 5,031	$	$ 51,969	$ (262,533)	$ (205,533)
Issuance of stock related to reverse merger	7	7	246,799	246	(4,236)	(256,594)		(260,577)
Issuance of common stock for cash at $0.17			1,560,000	1,560		258,440		260,000
Issuance of common stock for conversion of notes payable at $0.13			1,093,938	1,094		146,603		147,697
Issuance of common stock for acquisitions at $0.25			300,000	300		73,547		73,847
Issuance of common stock for employee incentives at $0.50			121,000	121		60,379		60,500
Issuance of common stock for settlement of accrued			7,882,986	7,883		320,111		327,994

liabilities								
Net loss							(249,171)	(249,171)
Balance at end of period December 31, 2007	7	7	16,235,723	16,235	(4,236)	654,455	(511,704)	154,757
Issuance of common stock for cash at $0.50			100,000	100		49,900		50,000
Issuance of common stock for employee incentives			800,000	800		186,700		187,500
Issuance of common stock for settlement of accrued liabilities and for services			1,699,000	1,699		549,951		551,650
Adjustment to actual shares			(6)					
Net loss							(963,043)	(963,043)
Balance at end of period December 31, 2008	7	$ 7	18,834,717	$ 18,834	$ (4,236)	$ 1,441,006	$ (1,474,747)	$ (19,136)

The accompanying notes are an integral part of these financial statements.

ISSUER DIRECT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(AUDITED)

	Years ended December 31,	
	2008	**2007**
Cash flows from operating activities		
Net loss	$ (963,043)	$ (249,171)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	35,191	26,584
Interest expense on related party notes payable		15,747
Impairment charges	130,000	
Gain on settlement of debt	(16,902)	
Stock-based expenses	668,150	60,500
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(40,727)	(43,498)
Decrease (increase) in deposits and prepaids	69	(5,676)
Increase (decrease) in accounts payable	88,855	37,872
Increase (decrease) in accrued expenses	109,859	(9,261)
Net cash used by operating activities	11,452	(166,903)
Cash flows from investing activities		
Cash acquired in purchase of business		5,637
Purchase of equipment	(10,341)	(7,559)
Acquisition of Edgarization		(30,000)
Net cash used by investing activities	(10,341)	(31,922)
Cash flows from financing activities		
Payments to related party		(78,280)
Proceeds from sale of common stock	50,000	260,000
Proceeds from note payable - other		50,000
Payments for notes payable	(40,062)	(1,978)

Net cash provided by financing activities		9,938		229,742
Net change in cash		11,049		30,917
Cash - beginning		39,318		8,401
Cash - ending	$	50,367	$	39,318
Supplemental disclosures:				
Cash paid for interest	$	3,994	$	3,748
Cash paid for income taxes	$		$	
Non-cash investing and financing activities:				
Acquisition of assets related to the acquisition to Basset Press Inc.	$		$	73,847
Notes payable settled in common shares	$		$	147,697
Accrued expenses settled by issuance of common shares	$	71,000	$	133,500

The accompanying notes are an integral part of these financial statements.

ISSUER DIRECT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1:

Description, Background and Basis of Operations

Nature of Operations

Issuer Direct Corporation (the Company or Issuer Direct) was incorporated in the state of Delaware in October 1988 under the name Docucon Inc. Subsequent to the December 13, 2007 merger of My EDGAR, Inc., the Company changed its name to Issuer Direct Corporation. The transaction has been accounted for as a reverse merger; in accordance with SFAS No. 141, Accounting for Business Combinations. My EDGAR was the acquiring entity for accounting purposes. While the transaction was accounted for using the purchase method of accounting, in substance the transaction was a recapitalization of My EDGAR s capital structure.

The surviving company was formed for the purposes of helping companies produce and distribute their financial and business communications both online and in print. As an issuer services focused company, Issuer Direct Corporation operates under several brands in the market, including Elite Financial Press, iProxy Direct, Issuer Logistics, The Edgar Service Bureau / My EDGAR, Bassett Press, Edgarization, Shareholder Direct, and Audit Ready. The Company leverages its securities compliance and regulatory expertise to provide a comprehensive set of services that enhance a client's ability to communicate effectively with its shareholder base while meeting all reporting regulations required.

Business Combinations

On March 1, 2007, we acquired 100% of the interest in Edgarization, LLC, an EDGAR filing company. Under the asset purchase agreement we paid $30,000 in cash at closing, and we entered into a promissory note totaling $100,000 to be paid over 18 months, herein disclosed in Note 5 of the financial statements.

On July 3, 2007, we acquired 100% of the interest in Bassett Press, Inc. (Bassett Press), a financial printing company, for $107,000 in cash and 300,000 shares of the Company s common stock. The merger agreement also called for us to assume other certain obligations totaling $68,907 over 24 months, herein disclosed in Note 3 of the financial statements.

Both the asset purchase agreement with Edgarization, LLC, and acquisition with Bassett Press Inc., were completed to increase the reach in the market and number of customers served to bring us closer to profitability.

We accounted for the acquisition using the purchase method of accounting in accordance with SFAS No. 141, Business Combinations. Our results of operations include the activities of My EDGAR, Inc. for the years ended December 31, 2008 and 2007 and for Bassett Press, Inc., from July 2, 2007 through December 31, 2007.

The goodwill and intangible assets acquired in the Basset Press acquisition is herein detailed in Note 6 of the financial statements.

The unaudited pro forma financial information below for the year ended December 31, 2007 is presented for comparative purposes only and is not intended to represent or be indicative of the Company s consolidated results of operations or financial condition that would have been reported had the acquisition of Basset Press been completed as of the beginning of the period presented and should not be taken as indicative of the Company s future consolidated results of operations.

On an unaudited pro forma basis, the combined information represents the combined operations of the Company as though all Bassett Press had been combined as of the beginning of the 2007 fiscal year:

Unaudited Pro Forma Information

	Issuer Direct December 31, 2007	Basset Press December 31, 2007	Elimination December 31, 2007	Consolidation December 31, 2007
Revenues	$ 350,343	$ 671,593	$	$ 1,021,936
Cost of Services	142,284	328,605		470,889
Gross Profit	208,059	342,988		551,047
Operating Costs and Expenses:				
General and Administrative	179,691	132,690		312,381
Payroll Expense -Less Commissions	265,689	165,429		431,118
Depreciation & Amortization	18,440	8,144		26,584
Total Operating Costs and Expenses	463,820	306,263		770,083
Net Operating Income (Loss)	(255,761)	36,725		(219,036)
Other Income (Expenses):				
Interest Income	23	793		816
Interest Expense	(11,872)	(34,114)		(45,986)
Total Other Income/Expense			(247)	(247)
Total Other Income (Expenses)	(11,849)	(33,321)	(247)	(45,417)
Net Income/(Loss)	$ (267,610)	$ 3,404	$ (247)	$ (264,453)

Going Concern

We have incurred losses since inception, and, at December 31, 2008, we had a working capital deficit of approximately $185,000 and an accumulated deficit of $1,474,747, which raises substantial doubt about our ability to continue as a going concern. We have funded our operations and marketing efforts since inception through the issuance of debt and equity securities. In order to continue execution of the business plan, increase marketing efforts and achieve profitable operations, we will need to obtain additional financing. Management s plans for funding future operations primarily include the sale of debt and equity securities. If we are unable to raise additional funds, our ability to continue as a going concern will be severely impacted. The financial statements do not include any adjustments that might result from the outcome of this uncertainty, including our inability to realize the carrying value of assets.

Note 2:

Reverse Merger

On December 13, 2007, Docucon Incorporated (Docucon), My EDGAR, Inc. (My EDGAR) and Docucon Acquisitions Corporation (DAC), a wholly-owned subsidiary of Docucon, entered into an Agreement and Plan of Merger (the Merger Agreement). Pursuant to the terms of the Merger Agreement, on December 13, 2007, DAC merged with and into My EDGAR, with My EDGAR remaining as the surviving corporation (the Merger). As consideration for the Merger, as of the closing of the Merger, each issued and outstanding share of common stock of My EDGAR was converted into the right to receive one share of the common stock of Docucon. As a result of the Merger, the former shareholders of My EDGAR acquired approximately 96% of the common stock of Docucon.

On December 14, 2007, we filed an amendment to our articles of incorporation to change our name from Docucon Incorporated to Issuer Direct Corporation.

Note 3:

Acquisition of Basset Press

On July 3, 2007, we completed the acquisition of Bassett Press, Inc. for a net purchase price of $148,195. We paid $107,000 in cash and 300,000 shares of our common stock in exchange for a 100% interest in Basset Press. The results of operations of Basset Press are included in the consolidated statements of operations for the periods subsequent to the acquisition date.

We allocated the purchase price based on management s estimates and assumptions, and other information compiled by management utilizing established valuation techniques appropriate for the shareholder services industry. The

purchase price allocation below is considered final and includes professional fees and other related acquisition costs, allocated to the net assets acquired based on their fair values:

Current assets	$ 85,707
Fixed assets	16,352
Intangible assets	105,000
Goodwill	43,195
Total assets acquired	250,254
Current liabilities	(175,907)
Net assets acquired	$ 74,347

Note 4:

Summary of Significant Accounting Policies

The consolidated financial statements include the accounts of the Company of its wholly-owned subsidiaries. Any applicable intercompany accounts and transactions are eliminated in consolidation.

Cash and Cash Equivalents

We maintained a minimal cash balance with financial institutions that has not exceeded insured limits during the reporting period. We have not experienced any losses in such accounts.

Revenue Recognition

We recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104, Revenue Recognition, which requires that: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. We recognize revenue when services are rendered or delivered, where collectability is probable. Revenue for completed but unbilled work is recognized based on our historical standard pricing for the type of service and is adjusted to actual when billed.

Property and Equipment: Property and equipment is recorded at cost and depreciated over the estimated useful lives of the assets using principally the straight-line method. When items are retired or otherwise disposed of, income is charged or credited for the difference between net book value and proceeds realized thereon. Ordinary maintenance and repairs are charged to expense as incurred, and replacements and betterments are capitalized. The range of estimated useful lives used to calculate depreciation for principal items of property and equipment are as follow:

Asset Category	Depreciation / Amortization Period
Furniture, fixtures and equipment	3 to 5 years
Computer equipment and purchased software	3 years

Machinery and equipment	3 to 5 years

Earnings per Share

We comply with Statement of Financial Accounting Standards (SFAS) No. 128, Earnings per Share, and SEC Staff Accounting Bulletin (SAB) No. 98., which require that basic net loss per common share be computed by dividing net loss for the period by the weighted average number of common shares outstanding during the period. Under SFAS No. 128, diluted net income/(loss) per share is computed by dividing the net income/(loss) for the period by the weighted average number of common and common equivalent shares, such as convertible preferred stock, outstanding during the period. Such common equivalent shares have not been included in the computation of net loss per share for the years ended December 31, 2008 or 2007 as their effect would be anti-dilutive. Common shares of approximately 3,889 issuable upon the potential conversion of the Company s Series A Convertible Preferred Stock were not included in the computation of diluted earnings (loss) per common share because they were anti-dilutive.

Allowance for Doubtful Accounts

We provide an allowance for doubtful accounts, which is based upon a review of outstanding receivables as well as historical collection information. Credit is granted on an unsecured basis. In determining the amount of the allowance, management is required to make certain estimates and assumptions. The allowance s made up of specific reserves, as deemed necessary, on client account balances, and a reserve based on our historical experience. During the year ended December 31, 2008, we recorded bad debt expense totaling approximately $57,490 recovered $1,983 of amounts previously reserved, and permanently wrote off $23,694 of accounts we deemed uncollectible. During

the year ended December 31, 2007, we incurred bad debt expense totaling approximately $11,950. Accordingly, our allowance for doubtful accounts increased from $11,950 at December 31, 2007, to $43,764 at December 31, 2008.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

We comply with SFAS No. 109, Accounting for Income Taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109", ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in tax positions and requires that a company recognize in its financial statements the impact of a tax position, only if it is more likely than not of being sustained upon examination, based on the technical merits of the position. The adoption of FIN 48 did not result in any material adjustments to the liability for unrecognized income tax benefits.

Our policy regarding the classification of interest and penalties recognized in accordance with FIN 48 is to classify them as income tax expense in its financial statements, if applicable.

Impairment of Long-lived Assets

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets, such as property and equipment and intangible assets are not subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of an asset group exceeds fair value of the asset group.

Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment to SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 159 permits entities to measure certain financial assets and financial liabilities at fair value. SFAS No. 159 requires prospective application and is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 159 did not have a material effect on our results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations . This standard establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. This statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. This Statement is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. We will adopt this standard during the first quarter of 2009, and we are currently evaluating the impact this standard will have on our financial statements.

In December 2007, the FASB issued SFAS 160, Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 which applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding non-controlling interest in one or more subsidiaries or that deconsolidate a subsidiary. The statement is effective for annual periods beginning after December 15, 2008. We do not anticipate that adoption of SFAS 160 will have a material impact on our financial condition or results of operations.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133, (SFAS 161) as amended and interpreted, which requires enhanced disclosures about an entity s derivative and hedging activities and thereby improves the transparency of financial reporting. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format provides a more complete picture of the location in an entity s financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Early adoption is permitted. Management is currently evaluating the effect this pronouncement will have on our financial statements.

The above pronouncements are not currently expected to have a material effect on our financial statements.

Note 5:

Fixed Assets

	December 31,	
	2008	**2007**
Computers & equipment	$ 35,004	$ 33,988
Furniture	3,961	3,961
Software	20,223	20,223
Total fixed assets, gross	59,188	58,172
Less: Accumulated depreciation	(43,201)	(41,835)
Total fixed assets	$ 15,987	$ 16,337

Depreciation expense for the years ended December 31, 2008 and 2007 totaled $35,191 and $26,584, respectively.

Note 6:

Goodwill and Other Intangible Assets

Goodwill

At December 31, 2008, our recorded goodwill totaled $43,195, which was related to our acquisition of Basset Press in July 2007. At December 31, 2007, our recorded goodwill totaled $133,195, which included $90,000 of goodwill related to our acquisition of Edgarization, LLC, on March 1, 2007. We conducted our 2008 annual impairment analysis during the third quarter of 2008 and determined that the total amount of goodwill recorded for Edgarization was impaired. Accordingly, we recorded an impairment charge of $130,000, which included an impairment of $40,000 for intangible assets acquired from Edgarization, LLC. In connection with the determination of the impairment, management weighed specific business factors at that time, such as:

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General market conditions and lack of financing/liquidity/interest in the industry,

.

Customers inability to pay for services timely,

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Note payable to Edgarization was in default,

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Legal dispute against Edgarization in regards to interference of business ongoing by the note holder

During the fourth quarter of 2007, we recorded an impairment charge of $16,000 related to the goodwill of certain domain property.

Intangible Assets

In July 2007, as part of the Basset Press acquisition, we acquired $105,000 of identifiable intangible assets including $25,000 for customer lists, $30,000 for non contractual customer relationships, and $50,000 for proprietary software or intellectual property. Customer lists and relationships are subject to amortization and have approximate estimated useful lives of five years. The proprietary software has an indefinite life and is subject to annual testing rather than amortization.

In March 2007, as part of the Edgarization acquisition, we acquired $40,000 of identifiable intangible assets including $15,000 for customer lists and $25,000 for non contractual customer relationships. During 2008, we determined that these identifiable intangible assets were impaired and accordingly, the entire $40,000 was included in the $130,000 impairment charge discussed above.

The components of goodwill and intangible assets are as follows:

	December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Domain name	$ 40,000	$ (24,000)	$ 16,000
Customer lists	25,000	(7,500)	17,500
Customer relationships-noncontractual	30,000	(9,000)	21,000
Proprietary software	50,000		50,000
Goodwill	43,195		43,195
Total intangible assets	$ 188,195	$ (40,500)	$ 147,695

	December 31, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Domain name	$ 40,000	$ (16,000)	$ 24,000
Customer lists	40,000		40,000
Customer relationships-noncontractual	55,000		55,000
Proprietary software	50,000		50,000
Goodwill	133,195		133,195
Total intangible assets	$ 318,195	$ (16,000)	$ 302,195

The amortization of intangible assets is a charge to operating expenses and totaled $24,500, and $16,000 in 2008 and 2007, respectively.

The future amortization of the identifiable intangible assets is as follows:

Years Ending December 31:

	2009	$ 19,000
	2010	19,000
	2011	11,000
	2012	5,500
	Thereafter	
Total		$ 54,500

Note 7:

Notes payable

As of December 31, 2008 and 2007, we had two unsecured notes payable totaling $64,828 and $121,792, respectively, as follows:

	December 31,	
	2008	**2007**
Unsecured Note Payable in connection with the asset purchase agreement in March 2007, with interest of 8%; the principal due on this note was reduced to $35,000 pursuant to a settlement agreement with the holder in January 2009.	$ 35,000	$ 57,258
Unsecured Note Payable in connection with the July 2, 2007 acquisition of Bassett Press, with interest of 8%, due and payable monthly, due on July 17, 2009.	29,828	64,534
	64,828	121,792
Less current portion	64,828	121,792
Total long-term notes payable	$	$

On January 28, 2009, we entered into a settlement and release agreement (Agreement) with the holder of the Note Payable that we issued in March 2007. Pursuant to the terms of the agreement, the holder agreed to accept $35,000 in full payment of principal and interest, which was paid in full on January 28, 2009. We recognized a gain on settlement of debt of approximately $16,900 as of December 31, 2008, when we reduced the carrying value of the debt pursuant to the settlement agreement.

Note 8:

Notes payable Related Party

As of December 31, 2008 and 2007, we had three unsecured related party notes payable outstanding, totaling $73,525 as follows:

	December 31	
	2008	**2007**
Note Payable to our Chief Executive Officer in the amount of $25,000 for various obligations the former company was party to, including former legal counsel, former transfer agent and tax obligations with the state of Delaware. The unsecured note carries interest in the amount of 8% per annum and was due on December 31, 2008. The note is in default at December 31, 2008, and the holder has the right to demand payment at any time. There are no penalties associated with the default.	$ 23,525	$ 23,525
Unsecured Note Payable to a Director of the Company in the amount of $25,000, with interest of 8%, due on receipt by the Company or its designated escrow agent the placement agent funds of an aggregate of $1,000,000 in gross proceeds of the Private Placement.	25,000	25,000
Unsecured Note Payable to a Director of the Company in the amount of $25,000, with interest of 8%, due on receipt by the Company or its designated escrow agent the placement agent funds of an aggregate of $1,000,000 in gross proceeds of the Private Placement.	25,000	25,000
Total notes payable- related party	$ 73,525	$ 73,525

On September 17, 2007, we issued a $25,000 promissory note to our CEO as repayment for various Company obligations he paid on the Company s behalf, including former legal counsel, former transfer agent and tax obligations with the state of Delaware. The $23,525 outstanding principal was due on December 31, 2008, and is currently in default.

On November 20, 2007, two directors of the Company entered into promissory notes with the Company in the amount of $25,000 each. The promissory notes call for the repayment or conversion upon the Company receiving $1,000,000 in gross proceeds of a private placement of a either equity or debt financing, if a lesser amount is received then the

conversion or repayment is by mutual consent. As of December 31, 2008, the notes still remain outstanding.

On September 30, 2007, we entered into a settlement agreement with a former consultant for previous amounts owed in the amount of $53,325. The party agreed to convert its obligation into 106,650 shares of our common stock at a conversion rate of $0.50 per share.

On September 30, 2007, we entered into a settlement agreement with a former officer for previous amounts owed under an employment agreement in the amount of $37,834. The party agreed to convert its obligation into 75,668 shares of our common stock at a conversion rate of $0.50 per share.

On September 30, 2007, we agreed to settle two notes payable held by two directors of the company. Each party agreed to accept 216,668 shares of our common stock in full settlement of the $108,334 outstanding principal. The shares were issued on February 5, 2008.

Note 9:

Preferred stock and common stock

As of December 31, 2007 and 2008, there were seven shares of Series A Convertible Preferred Stock (Preferred Stock) outstanding, each of which are convertible into 556 shares of our common stock. The Certificate of Designation of the rights, preferences and limitations of the Preferred Stock provides that each share has voting rights equal to its common equivalent, has a liquidation preference of $25,000 per share and earns cash dividends of eleven percent (11.0%) per year. The Certificate of Designation also provides that the Company may not pay dividends on its common stock until all accrued but unpaid dividends on such preferred stock have been paid. At December 31, 2008 cumulative undeclared dividends on the seven shares of Preferred Stock then issued and outstanding were approximately $275,000. As the cumulative dividends are undeclared, and documentation supporting the seven shares of Preferred Stock is unavailable, they have not been recorded as a reduction of the Company s equity. In August 2002, in connection with the Company s then proposed and subsequently abandoned merger with DVS, the Company and the holders of the Company s Series A Convertible Preferred Stock entered into agreements which would have resulted in the surrender and cancellation of all issued and outstanding shares of such preferred stock, and the release of the Company from any obligation to declare or pay any accrued dividends on such preferred stock. For all intents and purposes, these agreements were contingent upon the consummation of the Company s proposed merger with DVS, which, as stated above, did not occur.

The Certificate of Designation of the rights, preferences and limitations of the Company s Series B Non-Convertible, Cumulative, Non-Voting, Redeemable Preferred Stock provides that the Company may issue up to 476,200 shares of Series B Non-Convertible, Cumulative, Non-Voting, Redeemable Preferred Stock, par value $1.00 per share, which shall earn dividends at the rate of fifteen percent (15.0%) per year. Declaration and payment of dividends are at the sole discretion of the Company s Board of Directors, and are not mandatory. The Certificate of Designation of the rights, preferences and limitations of the Company s Series B Non-Convertible, Cumulative, Non-Voting, Redeemable Preferred Stock also provides that the Company may not pay dividends on its common stock until all accrued but unpaid dividends on such preferred stock have been paid. At December 31, 2008 and 2007, there were no issued and outstanding shares of such preferred stock.

The Company has never declared or paid any cash dividends on its common stock.

During year ended December 31, 2008, we issued shares of our common stock as follows:

	Year ended December 31, 2008
Outstanding at January 1, 2008	16,235,723
Equity issued during year ended December 31, 2008	
Issued for services 1	1,699,000
Issued for equity 2	100,000
Issued for employment incentives 3	800,000
Adjustment due to rounding	(6)

Outstanding at December 31, 2008	18,834,717

1.

Shares issued for services to consultants:

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On February 1, 2008, 450,000 shares were issued to a consultant under an agreement entered into on November 1, 2007. The fair market value of the shares totaled $229,500, or $0.51 per share, which represents the closing price on the date of issuance.

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In February 2008, we issued 150,000 of our common stock to a consultant and former officer of Bassett Press, who is not an employee of the Company, pursuant to an agreement which provided for the issuance of 50,000 shares of our common stock prior to a three-for-one forward split that occurred simultaneous to our acquisition of Basset Press in June 2007. The fair market value of the shares totaled $62,500, or $0.42 per share ($1.25 on a pre-split basis).

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On February 5, 2008, we issued 42,000 shares of our common stock to the former officers of Docucon for services accrued in fiscal 2007. The fair market value of the shares totaled $29,400, or $0.70 per share, which represents the closing price on the date of issuance.

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On January 28, 2008, we entered into an agreement with a consultant and issued 100,000 shares of our common stock in connection with the agreement. The fair market value of the shares totaled $74,000, or $0.74 per share, which represents the closing price on the date of issuance.

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On May 15, 2008, the Company entered into an agreement pursuant to a potential acquisition wherein we issued 150,000 shares of our common stock in exchange for exclusivity period rights. Due diligence was conducted and the exclusivity period expired without definitive action by the Company. The fair market value of the shares totaled $33,000, or $0.22 per share, which represents the closing price on the date of the agreement, and which recorded as a general and administrative expense.

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On June 5, 2008, we entered into a consulting agreement with our Chief Financial Officer and agreed to issue 32,000 shares of our common stock in payment of services rendered in June and July 2008. The fair market value of the shares totaled $8,000, or $0.25 per share, which represents the closing price on the date of the agreement.

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On June 30, 2008, we entered into an advisory services agreement with a Consultant to serve as a member of the Company s advisory board to render services to assist us with various aspects of financing, business operations, acquisition identification, and other advisory services. We issued 150,000 shares pursuant to the advisory board agreement. The fair market value of the shares totaled $78,000, or $0.52 per share, which represents the closing price on the date of issuance.

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On August 29, 2008, we issued 175,000 shares to an individual in settlement of the individual s claim for unpaid consulting services. The fair market value of the shares totaled $8,750, or $0.05 per share, which represents the closing price on the date of the agreement.

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On September 2, 2008, we issued 150,000 shares to a Consultant pursuant to an advisory services agreement as restricted securities as defined under Rule 144. The advisory services agreement engages the Consultant to serve as a member of the Company s advisory board and to render services to assist us with various aspects of financing, business

operations, acquisition identification, and other advisory services. The fair market value of the shares totaled $7,500, or $0.05 per share, which represents the closing price on the date of the agreement.

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On September 16, 2008, we issued 300,000 shares pursuant to an amended consulting agreement with our Chief Financial Officer in payment of services. These shares were issued as restricted securities as defined under Rule 144. The fair market value of the shares totaled $21,000, or $0.07 per share, which represents the closing price on the date of the agreement.

2.

Shares issued in connection with equity agreements.

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On February 27, 2008, we sold 50,000 shares of our common stock to an accredited investor for $25,000 in cash in a transaction that did not involve a public offering. The fair market value of the shares totaled $25,000, or $0.50 per share.

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On June 12, 2008, we sold 50,000 shares of our common stock to an accredited investor for $25,000 in cash in a transaction that did not involve a public offering. The fair market value of the shares totaled $25,000, or $0.50 per share.

3.

Shares issued for compensation:

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On February 2, 2008, we issued 150,000 shares of our common stock in connection with an employment agreement with a former officer of Bassett Press. The fair market value of the shares totaled $25,000, or $0.25 per share, which represents the closing price on the date of the agreement.

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On June 30, 2008, we issued a total of 650,000 shares, or 275,000, 225,000, and 150,000 shares of our common stock to our CEO, President, and Director of Business Development, respectively, as bonus

compensation in recognition of their service to the Company. The fair market value of the shares totaled $162,500, or $0.25 per share, which represents the closing price on the date the compensation was approved.

On July 7, 2008, we amended our Articles of Incorporation accordingly, and as of that date, we have 100,000,000 authorized shares of common stock, par value $0.001. Additionally, we have 10,000,000 authorized shares of preferred stock, of which 60 shares are designated as Series A preferred stock, par value $1.00 and 476,200 shares are designated as Series B preferred shares, par value $1.00.

Note 10:

Commitments and Contingencies

Office Lease

In May 2007, we signed a three-year lease for 5,700 square feet for our corporate headquarters, located at 201 Shannon Oaks Circle Suite 105 Cary, NC 27511. Rental expenses associated with the leased premise totaled $92,355 and $17,541 for the years ended December 31, 2008 and 2007. Prior to that time, we leased space on a month-to-month basis at the rate. Required minimum lease payments for fiscal 2009 and 2010 total $79,000 and $60,000, respectively.

Note 11:

Selected Quarterly Financial Data (unaudited)

	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Year ended December 31, 2008				
Revenues	$ 293,350	$ 450,799	$ 312,378	$ 368,804
Cost of goods	137,721	284,195	161,853	161,406
Gross profit	155,628	166,604	150,525	207,399
Gross profit percentage				
Operating costs and expenses	516,493	521,480	413,554	227,103
Net income (loss)	(388,541)	(332,826)	(267,609)	25,933
Net income (loss) per share	$ (0.023)	$ (0.019)	$ (0.015)	$ 0.001
Weighted average shares outstanding basic	16,887,877	17,243,658	18,346,282	18,834,723
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Year ended December 31, 2007				
Revenues	$ 49,894	$ 112,633	$ 222,697	$ 254,926
Cost of goods	4,562	37,968	103,786	118,256
Gross profit	45,332	74,665	118,911	136,670

Gross profit percentage	0.66	0.66	0.54	0.55
Operating costs and expenses	88,637	48,130	173,942	312,409
Net income (loss)	(46,599)	23,183	(72,021)	(153,734)
Net income (loss) per share	$ (0.006)	$ 0.002	$ (0.005)	$ (0.010)
Weighted average shares outstanding basic	7,391,604	12,968,576	15,813,938	15,836,511

Note 12:

Concentrations

For the years ended December 31, 2008 and December 31, 2007, we generated revenues from the following revenue streams as a percentage of total revenue:

	2008	**2007**
Revenue Streams		
Document conversion	47.6%	70.5%
Printing and financial communication	31.8%	22.0%
Fulfillment and distribution	16.6%	4.5%
Software licensing	3.5%	3.0%
Transfer agent services	0.5%	0.0%
Total	100.0%	100.0%

During the years ended December 31, 2008 and 2007, revenue generated from one customer comprised 10.4% and 12.7%, respectively, of our total annual revenues. As of December 31, 2008, two customers comprised 41.0% and

14.3% of our total accounts receivable. As of December 31, 2007, two customers comprised 21.6% and 15.5% of our total accounts receivable.

We believe we did not have any financial instruments that could have potentially subjected us to significant concentrations of credit risk. Since a portion of the revenues are paid at the beginning of the month via credit card or advance by check, the remaining accounts receivable amounts are generally due within 30 days, none of which is collateralized.

Note 13:

Income Taxes

At December 31, 2008 and 2007, we had a federal net operating loss carry forward of approximately $10,980,180 and $10,798,900, respectively.

As a result of the reverser merger transaction on December 13, 2007, we had a Section 382 ownership change. The ownership change does not limit our ability to utilize future tax deductions and no adjustments were made to our gross deferred tax assets as a result of the reverse merger. Future changes in our ownership may limit our ability to utilize our deferred tax assets. Realization of our deferred tax assets is dependent upon future earnings; accordingly, a full valuation allowance was recorded against the assets.

The provision for income taxes consisted of the following components for the years ended December 31:

	2008	**2007**
Current:		
Federal		
State		
Deferred:		

Components of net deferred tax assets, including a valuation allowance, are as follows at December 31:

	2008	**2007**
Deferred tax assets:		
Net operating loss carryforward	$ 3,815,000	$ 3,779,650
Accrued liabilities	23,000	
Intangibles and goodwill	39,000	
Total deferred tax assets	3,877,000	3,779,650
Less: valuation allowance	(3,877,000)	(3,779,650)
Net deferred tax assets	$	$

The valuation allowance for deferred tax assets as of December 31, 2008 and 2007 was $3,877,000 and $3,779,650, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. As a result, management determined it was more likely than not the deferred tax assets would not be realized as of December 31, 2008 and 2007.

Reconciliation between the statutory rate and the effective tax rate is as follows at December 31:

	2008	**2007**
Federal statutory tax rate	(35.0) %	(35.0) %
Permanent difference and valuation allowance	35.0 %	35.0 %
Effective tax rate	0.0 %	0.0 %

Note 14:

Subsequent Events

On January 28, 2009, we fully settled and released all claims by and against Edgarization. The settlement agreement provided for a payment of $35,000 in settlement of the remaining principal balance of the note payable that we issued pursuant to the acquisition of Edgarization in March 2007. The carrying balance of the note at December 31, 2008, and on the date of the settlement totaled approximately $51,900. We recorded a $16,900 gain on the settlement of this debt in fiscal 2008 as we recorded the effects of the settlement in our financial statements for the year ending December 31, 2008 as negotiations were ongoing as of year end.

On January 8, 2009, James Learish resigned as President. On February 4, 2009, Mr. Learish sold 4,500,000 shares of the 4,925,000 shares of our common stock that he beneficially owned in a private transaction as follows: 2,250,000 shares for $6,750 to Mr. James Michael, our Director of Business Development, and 2,250,000 shares for $6,750 to the Company, which shares will be retired as treasury stock. Immediately subsequent to the transaction, Mr. Learish s holdings of 425,000 shares represented 2.56% of our 16,584,717 outstanding shares. Mr. Michael s holdings, which included shares he owned prior to this purchase, represented 16.91% of our outstanding shares.