

ISSUER DIRECT CORP
Form 10-K
March 04, 2015

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

FORM 10-K

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

For The Fiscal Year Ended: December 31, 2014

ISSUER DIRECT CORPORATION
(Name of small business issuer in its charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

1-10185
(Commission File
Number)

26-1331503
(I.R.S. Employer
Identification No.)

500 Perimeter Park Drive, Suite D, Morrisville, NC 27560
(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
Common Stock, par value \$0.001 per share	NYSE MKTS.

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

None
(Title of Class)

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

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer 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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2014, the last business day of the registrant's second fiscal quarter, was approximately \$21,042,486 based on the closing price reported on the NYSE MKT as of such date.

As of March 4, 2015, the number of outstanding shares of the registrant's common stock was 2,316,743.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2015 annual meeting of stockholders (the "2014 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2015 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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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,” “project,” “plans to 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 risk factors is not 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:

Dependence on key personnel.

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

Our ability to raise capital to fund our operations or future growth.

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

Changes in laws and regulations that affect our operations.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Financial Data in XBRL, 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, in the corporate section of 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. BUSINESS.

Company Overview

Issuer Direct Corporation (Issuer Direct Corporation and its subsidiaries are hereinafter collectively referred to as “Issuer Direct”, the “Company”, “We” or “Our” unless otherwise noted). We are a Delaware corporation formed in October 1988 under the name Docucon Incorporated. In December 2007, we changed our name to Issuer Direct Corporation. Our corporate offices are located at 500 Perimeter Park Drive, Suite D, Morrisville, North Carolina, 27560.

Businesses

Issuer Direct is a market leader and innovator of Disclosure Management Systems and Cloud-based Compliance Technologies. The Company’s flagship technology platform – the Disclosure Management System (DMS) – is a secure cloud based workflow compliance and communications system for corporate issuers, funds, and compliance professionals.

We work with a diverse client base in the financial services industry, including brokerage firms, banks, mutual funds, corporate issuers, shareholders, investor relations officers, and professional firms such as investor relations, public relations, as well as accountants and the legal community. Corporate issuers utilize our cloud-based platform as a service (PaaS) technology and services component for document creation all the way to dissemination to regulatory bodies, dissemination platforms and interested shareholders.

The Company strives to be a market leader and innovator of disclosure management solutions, shareholder communications tools and cloud-based compliance technologies. With a focus on corporate issuers and mutual funds, the Company alleviates the complexity of maintaining compliance with its integrated portfolio of products and services that enhance companies' ability to efficiently produce and distribute their financial and business communications both online and in print.

In 2013, we consolidated our revenue into three revenue streams: disclosure management, shareholder communications and software licensing. Historically, we had reported our revenues in five streams – compliance and reporting services, printing and financial communications, fulfillment and distribution, software licensing, and transfer agent services. As a result of the acquisition of PrecisionIR Group, Inc. (“PIR” or “PrecisionIR”) on August 22, 2013, we determined the consolidation of revenues from the combined companies was needed to reflect both our core services as well as the newly acquired business of PrecisionIR.

We announce material financial information to our investors using our investor relations website, SEC filings, investor events, news and earnings releases, public conference calls and webcasts. We use these channels as well as social media to communicate with our investors and the public about our company, our products and services, and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed below. This list may be updated from time to time on our investor relations website:

www.issuerdirect.com/shareholder-services
www.facebook.com/issuerdirectcorporation
www.twitter.com/issuerdirect

www.linkedin.com/company/issuer-direct-corporation
www.issuerdirect.com/blog/

The contents of the above websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file, and any reference to these websites are intended to be inactive textual references only.

Disclosure Management

Our core disclosure business consists of our traditional Edgarization, document management, typesetting and pre-press design services, XBRL tagging services, and our stock transfer services. These services represent our disclosure offerings that are regulated by the Securities and Exchange Commission.

We market our financial reporting solutions primarily to public companies and mutual funds that seek a workflow automation platform to prepare various regulatory filings. We developed our financial reporting engine to give customers complete control over the typical CRUD workflow process (Create, Retrieve, Update, Delete). The reporting process with EDGAR (Electronic Data Gathering, Analysis and Retrieval) and SEDAR (System for Electronic Document Analysis and Retrieval) can be complex and does require a trusted, secure platform to execute timely and accurately. With our platform, our customers can create, manage, self-file, request specialist assistance on any form type, including Sections 16, SC-13's, correspondence, annual reports and quarterly reports in SEC EDGAR format.

A portion of our disclosure business also comes from strategic relationships, where we manage the back office functions for our partner's clients. Since we do not have the relationship with the end client, it is difficult to predict the growth from this business. We have seen some partner client attrition in the smaller cap space, due to significant pricing pressure. We expect that our reseller business will evolve beyond the core disclosure product offerings into our communications segment.

Shareholder Communications

Our shareholder communications business includes our press release distribution, investor outreach and engagement platform, webcast teleconference services, Whistleblower, investor hotline and our legacy proxy and printing services. Many of these services are marketed and bundled under multi-year agreements. Like our disclosure business, our communications offerings help make up our proprietary cloud-based platform. This platform has become a significant competitive advantage when competing in the corporate issuer marketplace.

Press Release Distribution

Our press release platform, Accesswire, is a cost-effective FD (Fair Disclosure) news dissemination service. We recently acquired the business on October 29, 2014, as discussed herein under Business Acquisition & Recent Developments.

The Accesswire business focuses on press release distribution for both private and publically held companies. We anticipate we will see an increase in revenues from our shareholder communications business as a result of this acquisition. We will continue to brand our press release offerings under the name Accesswire, which we believe will solidify our market position in the newswire business.

Investor Outreach and Engagement

Our Investor Outreach and Engagement offering was formally known as the Annual Report Service from PrecisionIR. We acquired the business on August 22, 2013, as discussed herein under Business Acquisition & Recent Developments.

The Annual Report Service business had existed for 23 years primarily as a physical hard copy delivery of annual report and prospectuses globally for tens of thousands of customers. As part of the integration during 2014, we updated these legacy systems and integrated them into our disclosure management system. We intend to continue to operate a portion of this legacy system as well as migrate the installed base over to our new outreach and engagement offering. This will be marketed as the Investor Network beginning in early 2015. The reality is, corporate information such as annual reports, quarterly reports, fact sheets, tear sheets and investor presentations are being consumed much differently than they were 5 years ago. Over 60% percent of the consumers and investors read information on their mobile phones or tablets first, before their notebook or desktop computers as reported by Pew Research Center. The Investor Network platform and its set of mobile apps address this global shift.

The Investor Network platform is a PaaS (Platform as a Service) – clients will be able reach new audiences from Chartered Financial Analysts, Registered Investment Advisors, brokers, banks and family offices to currently available retail and institutional investors. From our cloud-based analytical platform, issuers and funds will be able to search, engage and analyze these audiences from any connection in the world. We believe this shareholder engagement and surveillance landscape is being under served in the under one billion dollar market cap space globally.

Webcasting – Teleconference

There are almost 4,000 companies in North America conducting earnings events that include teleconference, webcast or both as part of their events. Our platform incorporates each element of the earnings event: earnings announcement, earnings press release, EDGAR Form 8-K filing and the webcast/teleconference. There are a handful of our competitors that can offer this today, however, none of them can attract an audience like our platform. Specifically, we believe our proprietary “Investor Calendar” product offering, same day transcription and auto-posting to an investor relations platform for compliance do not exist in one solution elsewhere in the market. Additionally, all webcasts and teleconferences are broadcast live on our Investor Network properties which allow companies to reach a broader audience. This is a significant competitive advantage for us and has proven to be effective. As of the end of 2014, we manage the calls for almost 7% of the market.

At the end of fourth quarter 2014, we expanded our webcast teleconference offering to service the European market of United Kingdom, Sweden, and Germany. This aligns with the client base we are currently serving in Europe.

Whistleblower

Our whistleblower offering is an approved NYSE partnered product. Over the last 12 months, the majority of the recent IPOs listed on NYSE are currently utilizing this exchange subsidized offering. We are focused on integrating this SaaS (Software as a Service) into our current exchange listed install base; this initiative should be completed during fiscal 2015. As one of the only global offerings to comply with both the US Sarbanes-Oxley and Public Interest Disclosure Act in the United Kingdom, this reporting and real-time complaint platform delivers a trusted and secure incident management system.

Investor Hotline

One of the oldest and most trusted platforms in the financial services industry is our Investor Hotline platform, used by more fortune 500 companies than any other product or service we have. Our clients license our platform to integrate into their corporate investor relations' platform and or utilize our call center product by including their unique toll-free number into their proxy and annual meeting services.

Proxy – Printing

Our proxy business is marketed under the brand iProxy Direct, which is a fully integrated, real-time voting platform for our corporate issuers and their shareholders of record. This PaaS (Platform as a Service) is utilized for every annual meeting and or special meeting we manage for our client base. The iProxy Direct system offers both full-set mailing and notice of internet availability options, which in some instances drive additional revenues for our print and print-on-demand businesses.

Software Licensing

Revenues from this business still tend to be directly tied to our core businesses, disclosure management and shareholder communications. Specifically, when corporate issuers conduct an annual general meeting, purchase or upgrade their investor relations system, or conduct earnings calls during annual or quarterly periods, we attempt to license our technology platforms for each of these services. Although revenues from this business remain relatively small historically, we expect them to grow significantly over the next fiscal year as we begin to productize some of our shareholder communications and disclosure management system offerings. We believe that the productizing of such offerings will increase our revenue in this area because the industry we serve has tended to manage the individual events of a company's disclosure and communications process in parallel. Historically, companies have used five or six different vendors to manage their earnings event for the various elements including EDGAR, press releases, IR platform updates, webcasting, etc. Our platform streamlines this process. The old process costs the issuers money and more importantly is incredibly inefficient. Whereas in contrast Issuers can license a Platform-as-a-Service that manages all of the above mentioned tasks in one interface, with one partner that intersect at the right points – either disclosure, communication or engagement.

Our market data cloud business has also been embedded into our mobile initiatives, whereby we are producing mobile apps for our clients utilizing our market data cloud technologies. By having our own market data cloud system for our investor relations systems, our products have been able to outperform our expectations in the market compared to our competitors.

We continue to believe there is a significant demand for better quality datasets. During 2014, we continued to build these datasets to include professionals and target audiences for our clients to reach. We will license this platform to our clients as part of their outreach initiatives. These datasets include Chartered Financial Analysts, Registered Investment Advisors, family offices and Banks and Brokers. Additionally, we have also integrated as part of our press release distribution upgrade a full dataset of local, regional publishers, editors and media professionals throughout North America. We believe the development of these datasets is vital to growing our press release business.

During 2015, we will continue to explore how we can further license portions of our dataset business and application programming interfaces (API's) to other providers and disseminators that are seeking unique content and or a competitive replacement in the market. We are committed to continuing to expand revenue from this business.

Our Technology Platform - Disclosure Management System (DMS)

Our DMS is a secure cloud-based business process reporting and automation solution that gives users the ability to disclose, manage, and communicate their respective messages from our enterprise Platform as a Service (PaaS). Our unique disclosure process aims to create efficiencies not previously possible in areas of normal regulatory business functions of the public markets, where we can clearly improve processes, streamline complexities, while reducing expenditures, generally associated with reporting and disclosure.

Our DMS is the only secure workflow technology available today that allows officers, directors, compliance and investor/public relations' professionals the ability to manage the entire back-office functions of their respective companies from one interface.

The industry as a whole has chosen to focus their solutions and platforms on one single business process or in some cases are dependent on a complex ERP or accounting system integration, in hopes of providing a clear ROI over a long-term period. Unfortunately this approach requires companies to invest deeply in enterprise wide systems, for the promise of efficiencies and cost savings. Our approach has been to focus on a collection of business processes that typically overlap service organizations that have either been cumbersome, costly or broken; then, integrate, streamline and improve the flow of information in a more transparent and accurate manner, putting the control back in the hands of our clients, the corporate issuer. The result is better controls, improved processes, efficient disclosure, increased communication and access to analytics.

Today, the platform that makes up our disclosure management system is used by thousands of officers, directors and compliance and communication professionals. The systems include the following:

- Regulatory compliance (Edgar & XBRL)
- Real-time Financial Reviewers Guide
- Investor Relation Content Management (CMS - content management system)
- Webcasting teleconference
- News / earnings distribution
- Shareholder Outreach
- Investor Network
- Annual meeting planning and real-time proxy voting system
- Stock issuances, and shareholder reporting
- Whistleblower compliance
- Print on demand & digital document library

Our Brands & Subsidiaries

- Issuer Direct
- Investor Network
- Accesswire
- PrecisionIR Group, Inc., and its subsidiaries
- Direct Transfer (Wholly owned subsidiary – Direct Transfer, LLC.)
- QX Interactive (Wholly owned subsidiary – QX Interactive, LLC.)
- Issuer Services
- iProxy Direct
- iR Direct
- Annual Report Service (ARS)
- Company Spotlight
- XBRL Check

Business Acquisition and Recent Developments

On October 29, 2014, we purchased certain assets from Baystreet.ca Media Corp. relating to the press release dissemination business called "Accesswire". Accesswire specializes in press release distribution to both private and publically held companies. The assets acquired consist primarily of intangible assets, including customer relationships, trademarks, software and goodwill. The purchase price of \$1,840,000 consisted of cash of \$1,700,000

and 15,385 shares of our common stock with a value of \$140,000 based on the closing price of our stock on the date of closing.

On August 22, 2013, we consummated an Agreement and Plan of Merger (the “Acquisition Agreement”) with PrecisionIR. Under the terms of the Acquisition Agreement, the Company paid \$3,450,000 to certain creditors of PIR as full consideration to acquire all of the outstanding shares of PrecisionIR.

In connection with and to partially fund the PrecisionIR transaction and simultaneously with the closing of the merger, we entered into a Securities Purchase Agreement (the "Purchase Agreement") relating to the sale of \$2,500,000 aggregate principal amount of our 8% convertible secured promissory note ("8% Notes") with Red Oak Partners LP ("Red Oak"). The 8% Note pays interest on each of March 31, June 30, September 30 and December 31, which began on September 30, 2013, at a rate of 8% per year. The 8% Notes will mature on August 22, 2015. If an event of default occurs pursuant to the terms of the 8% Note, the interest rate immediately increases to 18%. The 8% Notes are secured by all of the assets of the Company and are subordinated to our obligations to our primary financial institution. Furthermore, in connection with the 8% Note Purchase Agreement, a partner of Red Oak was appointed to our Board of Directors. On November 10, 2014, Red Oak assigned the 8% Note between the Red Oak Fund, LP; Pinnacle Opportunities, LP; and the Red Oak Long Fund, LP, all of which are under management by Red Oak.

Beginning immediately upon the date of issuance, Red Oak or its assigns may convert the 8% Notes into shares of our common stock at a conversion price of \$3.99 per share. The conversion price will be adjusted for certain events, such as stock dividends and stock splits. On November 12, 2014, Red Oak converted \$833,327 of principal and \$23,369 of accrued interest payable on the 8% Note into 214,710 shares of our common stock at the conversion price of \$3.99.

During the year ended December 31, 2014, we have both expanded and reorganized our direct selling efforts. For 2015, we intend to continue expanding our global sales and marketing teams to capitalize on the opportunities in the market.

Our Strategy

We strive to improve the way businesses collect, manage, communicate, report and analyze their data. Our overall strategy includes:

Expand Existing Customers

We expect to continue to see expansion of our products and services within our client bases. Migrating client contracts over to our bundled DMS offerings will naturally account for this expansion and cross selling. Our sales organization account managers are focused on this very thing, expanding the numbers of services to our current installed base. Additionally, part of the client expansion has to do with the number of business units within an organization that do business with us. Typically in our past the finance and compliance teams were our targets to sell our products and services. Today, we are focusing both on those business units but also the communications and corporate secretaries' office. We feel this approach encompasses the entire C suite (i.e CEO, CFO, COO, etc) of most organizations.

Focus on Organic Growth

Our primary growth strategy is to sell our DMS offerings to new clients under our new bundle agreements, whereas in the past we tended to sell single solutions for long periods before we were afforded the opportunity to compete for other business from our competitors that our clients tended to utilize.

Our sales organization has been built for this type of growth. Subject matter experts are now selling bundled offerings directly to corporate issuers and into the agency / reseller marketplace. Our sales organization will benefit from our brand identity in the market, as industry professionals tend to now know about the DMS and its capabilities.

New Offerings

We will continue to innovate and build new applications into and with our DMS platform with the ultimate objective of developing applications not offered by our competitors. As a company focused on technology offerings, we

understand the importance of advancements and keenly appreciate the risk of losing our position as a market leader- a very common mistake many technology companies have made. The pursuit of technological innovation is and has been a part of our overall strategy as an organization over the last several years.

During fiscal 2015 we will bring to market several new products and datasets targeted at both our current install base as well as new clients. Many of these will be evident in our Investor Network brands and platforms – where we strive to be a destination for the professional investor.

Acquisition Strategy

We will continue to evaluate complimentary verticals and systems that we can integrate well into our current platforms. These opportunities need to be accretive and consistent with what the company has done in the past. We value our equity and our cash reserves and have demonstrated a prudent and conservative approach in our acquisition transactions over the past several years.. We will maintain our product and technology focus, so it is highly likely we will look for acquisitions in areas we currently have revenues to find bolt on platforms, technologies, and clients that will further enhance our overall market position.

Sales and Marketing

During fiscal 2015, we will continue to strengthen our brands in the market, by aggressively expanding our new client footprint and continue to cross sell to increase the average revenues per issuer (“ARPI”). Our platform, systems and operations are built to handle growth – so with little capital or operational expense we can leverage this growth to produce further bottom line profits and cash flows..

Sales

Our global sales organization is responsible for generating new customer opportunities and expanding our current customers. We ended 2014 with a reorganized three-tier organization; made up of sales executives; account managers and strategic account managers. We believe this structured approach is the most efficient and highly impactful way to not only reach new clients, but also grow our current installed base. All three levels of our sales organization are heavily compensated with commissions, all of whom have sales quotas. We employed 12 full-time equivalent sales personnel as of December 31, 2014.

We are on track to aggressively expand our sales headcount during fiscal 2015 both in our current markets and also in verticals where we have not typically had a sales presence,. An example of one of these verticals is the press release dissemination and earnings call webcast businesses.

Our key executives play a critical role in our sales process, assisting the organization and clients with new offerings, cross selling opportunities and channel development; because our organization is still relatively small we benefit from this approach and believe this is key to our future success.

Marketing

Our marketing organization has also undergone reorganization between our businesses; our newly created marketing and business development team now manages both business-to-business and business-to-consumer marketing efforts. This alignment was necessary, as we get ready to release the rebranded Annual Report Service and Company Spotlight products into and with the new Investor Network. This organization is also responsible for collaborating with our sales teams on product marketing, outbound digital marketing and all social media efforts of our entire brand.

We also work in partnership with other financial portals; filing agents, transfer agents and compliance and communications professionals to provide both our technologies and services to their target clients under agreements and white label services.

Our technology focus continues to foster developments in our workflow solutions. Authorized users of a corporate issuer or mutual fund/administrator can do the following with our workflow portal:

- Create, monitor and approve regulatory filings
- Create, edit and collaborate on XBRL filings with XBRL Check
- File LIVE ownership documents and other popular EDGAR forms
- Monitor proxy/annual meeting votes in real-time
- Create, edit and publish Investor Relations content
- Create, manage and monitor earnings calls and Webcasts
- Create, manage and distribute news and other corporate information to markets and holders
- Manage and communicate with shareholders
- Monitor share activity and issue stock certificates
- Manage more than one corporate issuer or fund family at the same time

We will continue to make investments in our technology, as we transition our business from a historically service-oriented business to more of a technology enabled product and service company. In all of our offerings, quality, turn-around times, accuracy, and scalability as well as the need to preserve the confidential content of our clients is of utmost importance and part of our core values.

Industry Overview

Our industry benefits from increased regulatory requirements and the need for platforms and systems to manage these new regulations. Additionally, the industry along with cloud-based technologies have matured considerably over the past couple years, whereby corporate issuers and communication professionals are seeking platforms and systems to do some if not all the work themselves. We are uniquely positioned in this new opportunity to benefit from software licensing and further advancements of our Disclosure Management System.

The business services industry as it relates to compliance and communications is highly fragmented, with hundreds of independent service companies that provide a range of financial reporting, document management services and with a wide range of printing and technology software providers. The demands for many of our services historically have been cyclical and reliant on capital market activity. During 2014, we continued to spend a considerable amount of time growing several new service offerings beyond our traditional compliance reporting and transaction services business. These new offerings will afford us the ability to reduce our revenue seasonality and provide a new baseline of reoccurring annualized contracts, which are recognized on a quarterly basis as services are performed.

The financial print and reporting industry is highly fragmented and made up of dozens of service providers that provide a limited range of document management, financial reporting, and printing services. Printing services, specifically financial printing services, are competitive and highly commoditized, with a tendency to produce slimmer margins than financial reporting and related shareholder disclosure services. Much of the industry is made up of small “mom and pop” shops that offer basic reporting conversion services. Beyond that, there are the dominant providers that offer a deeper breadth and well-rounded blend of products and services to the capital markets. We are one of the few companies in the industry that are focused on providing a complete solution of disclosure reporting and shareholder communication delivery, including proxy and transfer agency.

Competition

Despite some consolidation in recent years, the industry remains both highly fragmented and extremely competitive. The success of our products and services are generally based on price, quality and the ability to service client demands. Management has partially offset the risks relating to competition as well as the seasonality by introducing unique technologies, automation and strategic directives, that have sustained margins, improved its overall market share and successfully been disruptive to its competitors. The success is directly linked to our Disclosure Management System.

We also review our operations on a regular basis to balance growth with opportunities to maximize efficiencies and support our long-term strategic goals. We believe by blending our workflow technologies with our legacy service offerings we are able to offer a comprehensive set of products and solutions to each of our clients that most competitors cannot offer today.

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

Customers

As of December 31, 2014, our customers include a wide variety of issuers, mutual funds, law firms, brokerage firms, banks, individuals, and other institutions. We did not have any customers during the year ended December 31, 2014 that accounted for more than 10% of our revenue and no customer represented more than 10% of our year end accounts receivable balance.

Employees

As of December 31, 2014, we employed fifty-nine full-time employees as compared to fifty-five full-time employees at December 31, 2013, none of which are represented by a union. As of the date herein, our employee’s work in our corporate offices in North Carolina, remotely in either Virginia or California, and London England.

Facilities

Our headquarters are located in Morrisville, North Carolina. We occupy 16,059 square feet of office space pursuant to a six- year lease and we additionally occupy a 20,000 square foot warehouse on a month-to-month basis in the same building. We believe we have sufficient space to sustain our growth through 2017. Additionally, as a result of the acquisition of PrecisionIR, we also have 7,500 square feet of office space located at Chesterfield, VA, and shared office facility in London England. During the year ended December 31, 2014, we exercised an early termination clause in our office lease in Chesterfield, VA, and therefore this lease will end in October 31, 2015. Employees who previously worked in the Chesterfield office now work remotely.

Insurance

We maintain both a general business liability policy and an errors and omissions policy in excess of \$5,000,000 specific to our industry and operations. We believe that our insurance policy provides adequate coverage for all reasonable risks associated with operating our business. Additionally, we maintain a Directors and Officers insurance policy, which is standard for our industry and size. We also maintain key man life insurance on our Chief Executive Officer, our Chief Financial Officer, and one other key individual.

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, corporate issuers are subject to regulation under both federal and state laws, which often require public disclosure and regulatory filings. 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”).

In the Europe Union (EU), the securities and reporting authorities tend to be based on exchanges as well as individual country disclosure requirements. We currently work with our stock exchange partners to deliver our solutions. We believe this is the best approach as this market is highly complex and divided in comparison to our North American markets.

We operate our filing agent business and transfer agent business under the direct supervision and regulations of the SEC.

Our transfer agency business, Direct Transfer, is subject to certain regulations, which are governed, without limitation by the SEC, with respect to registration with the SEC, annual reporting, examination, internal controls, tax reporting, escheatment services. Our transfer agency is approved to handle the securities of NYSE, NASDAQ and the Over the Counter listed securities; as well we select issuers traded on TSX.

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.

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

We anticipate that our disclosure management services business will continue to contribute 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 disclosure management revenues 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 our disclosure management business, we compete directly with several other service providers having similar degrees of specialization.

Our print and financial communications business 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.

A larger portion of our revenue is now generated overseas and the unstable global financial markets may adversely impact our revenue.

After the acquisition of PIR, a larger portion of our revenue is now generated in Europe. Global financial markets have experienced extreme disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. We are unable to predict the likely duration and severity of the effects of these disruptions in the financial markets and the adverse global economic conditions, and if the current uncertainty continues or economic conditions further deteriorate, our business and results of operations could be materially and adversely affected. The consequences of such adverse effects could include interruptions or delays in our ability to perform services or to get paid for services rendered. .

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 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:

Technological change;

Frequent product and service introductions; and

Evolving client requirements.

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

Enhance our existing products and services;

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

Gain market acceptance.

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

Have sufficient resources to make these investments;

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

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, 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 strategy in 2015 will be to monitor trends in the market and make advance purchases of such raw materials as paper in quantities greater than our traditional just-in-time needs. By doing so, we believe we will be able to stabilize overall margins in our print segments due to pricing pressures and competitiveness.

Our business could be harmed if we do not successfully manage the integration of PrecisionIR, Accesswire, or other businesses that we may acquire.

On August 22, 2013, the Company, and PrecisionIR Group Inc. ("PIR" or "PrecisionIR") consummated an Agreement and Plan of Merger (the "Acquisition Agreement"). Furthermore, as part of our continued business strategy, we will continue to evaluate and acquire as practical other businesses that complement our core capabilities.

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

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

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

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

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;

the management of geographically remote units;

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

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

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

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

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

On October 29, 2014, the Company purchased Accesswire. Accesswire is dependent upon a few key partners for news distribution, some of which are also partners that we rely for other shareholder communication services. A disruption in any of these partnership relationships could have an adverse impact on our business. Furthermore, we acquired software with the acquisition of Accesswire. Performance issues with this technology could also have an adverse impact on our ability to serve our customers.

We have incurred operating losses in the past and may do so again in the future

The Company has incurred operating losses in the past and may do so again in the future. At December 31, 2014, the Company had only \$327,258 of retained earnings. Although we have generated positive cash flows from operations for the past seven years, there can be no assurances that we will be able to do so in the future. As we integrate the assets acquired through Accesswire and PrecisionIR, we could experience fluctuations in our cash flows from operations and retained earnings and there are no guarantees that our business can continue to generate the current revenue levels.

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 corporate disclosure requirements, regulatory filings 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. Currently, our sales and marketing expense per customer are fairly low. If potential customers take longer than we expect to decide whether to use our services and require that we travel to their sites, present more marketing material, or spend more time in completing the sales process, 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 attempt to continue to grow our other revenue streams since they are linked to predictable periodic activity that is cyclical in nature.

The conversion by Red Oak under its 8% convertible promissory note at \$3.99 per share will cause dilution and the resale of the shares of common stock by Red Oak into the public market, or the perception that such sales may occur, could cause the price of our common stock to fall.

On August 22, 2013, the Company entered into the 8% Note Purchase Agreement relating to the sale of \$2,500,000 aggregate principal amount of the Company's 8% Note with Red Oak Partners. The 8% Note will mature on August 22, 2015. Beginning immediately upon the date of issuance, Red Oak or its assigns may convert the 8% Note into shares of the Company's common stock at a conversion price of \$3.99 per share. On November 12, 2014, Red Oak converted \$833,327 of principal and \$23,369 of accrued interest payable on the 8% Note into 214,710 shares of the Company's common stock at the conversion price of \$3.99. As of December 31, 2014, the outstanding principal balance was \$1,666,673, which may be converted into 417,712 additional shares of common stock.

Risks Related to Our common stock; Liquidity Risks

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

The stock prices of smaller 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:

variations in operating results;

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

recruitment or departure of key personnel;

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

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

You may lose your investment in the shares.

An investment in the shares involves a high degree of risk. An investment in shares of our common stock is suitable only for investors who can bear a loss of their entire investment. We paid dividends in 2012, and in part of fiscal 2013, but there can be no assurances that dividends will be paid in the future in the form of either cash or stock.

We currently have authorized but unissued “blank check” preferred stock. Without the vote of our shareholders, the Board of Directors, with the prior written consent of Red Oak, may issue such preferred stock with both economic and voting rights and preferences senior to those of the holders of our common stock. Any such issuances may negatively impact the ultimate benefits to the holders of our common stock in the event of a liquidation event and 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.

ITEM
1B. UNRESOLVED STAFF COMMENTS.

None.

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ITEM 2. PROPERTY.

We occupy 16,059 square feet of office space pursuant to a six-year lease and we additionally occupy a 20,000 square foot warehouse on a month-to-month basis in the same building. We believe we have sufficient space to sustain our growth through 2016. Additionally, as part of the acquisition of PrecisionIR, we also have 7,500 square feet of office space located at Chesterfield, VA, and a shared office facility in London England. During the year ended December 31, 2014, we exercised an early termination clause in our office lease in Chesterfield, VA, and therefore our lease will terminate in October 2015. Employees who previously worked in our Chesterfield, VA office now work remotely.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, we may be involved in litigation that arises through the normal course of business. As of the date of this filing, we are neither a party to any litigation nor are we aware of any such threatened or pending litigation that might result in a material adverse effect to our business.

ITEM 4. MINE SAFETY DISCOLSURES

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market for common stock

Our common stock has been quoted on the NYSE MKTS under the symbol "ISDR" since March 11, 2014. Prior to that time, the Company was quoted on the Over the Counter Bulletin Board ("OTCBB") under the same symbol.

The following table sets forth for the periods indicated the high and low closing prices of our common stock.

	High	Low
Fiscal 2014		
Quarter Ended March 31, 2014	\$13.49	\$8.65
Quarter Ended June 30, 2014	12.25	10.02
Quarter Ended September 30, 2014	11.47	8.50
Quarter Ended December 31, 2014	\$11.00	\$8.65
Fiscal 2013		
Quarter Ended March 31, 2013	\$5.55	\$3.00
Quarter Ended June 30, 2013	6.75	4.10
Quarter Ended September 30, 2013	8.60	6.05
Quarter Ended December 31, 2013	\$11.92	\$6.54

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

As such, 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, 2014, there were approximately 200 registered holders of record of our common stock and 2,316,743 shares outstanding.

Issuer Purchases of Equity Securities

The Company has not repurchased any shares of common stock during the years ended December 31, 2014 or 2013.

Dividends

During the year ended December 31, 2013, we paid dividends totaling \$117,286, or \$0.03 per share. No dividends were paid during the year ended December 31, 2014. There can be no assurances that dividends will be paid in the future. Our Board of Directors intends to follow a policy of retaining earnings, if any, to finance our growth. The declaration and payment of dividends in the future will be determined by our Board of Directors in light of conditions then existing, including our earnings, financial condition, capital requirements and other factors.

ITEM 6. SELECT FINANCIAL DATA

Summary of Operations for the periods ended December 31, 2014 and 2013.

	Year Ended December 31,	
	2014	2013
Statement of Operations		
Revenue	\$13,629,684	\$8,842,229
Cost of revenues	4,065,655	2,577,891
Gross profit	9,564,029	6,264,338
Operating costs	8,091,376	4,564,113
Operating income	1,472,653	1,700,225
Net interest expense	(1,710,002)	(515,648)
Income tax benefit (expense)	279,475	(556,000)
Net income	\$42,126	\$628,577

Concentrations:

For the years ended December 31, 2014 and December 31, 2013, we generated revenues from the following revenue streams as a percentage of total revenue:

	2014		2013	
Revenue Streams				
Disclosure management	24.6	%	45.0	%
Shareholder communications	68.8	%	49.3	%
Software licensing	6.6	%	5.7	%
Total	100.0	%	100.0	%

Percentages:

Change expressed as a percentage increase or decrease for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31,			
	2014	2013	% change	
Revenue Streams				
Disclosure management	\$3,354,293	\$3,974,640	(15.6)%
Shareholder communications	9,380,876	4,362,404	115.0	%
Software licensing	894,515	505,185	77.1	%
Total	\$13,629,684	\$8,842,229	54.1	%

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, including Item 1A of this Report on Form 10_K. 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 are 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.

2014 Overview

For the year ended December 31, 2014, total revenue increased 54% to \$13,629,684 from \$8,842,229 in fiscal 2013, an increase of \$4,787,455. The largest increase was in our shareholder communication services, which increased to \$9,380,876 in the year ended December 31, 2014 from \$4,362,404 in fiscal 2013, an increase of \$5,018,472. Revenue from software licensing increased to \$894,515 during the year ended December 31, 2014 from \$505,185 in fiscal 2013. Both of these increases are primarily the result of including a full year of the service offerings from PrecisionIR in 2014, whereas 2013 only included revenues from PrecisionIR for the period from the acquisition date of August of 2013 onward. Revenue from disclosure management services decreased to \$3,354,293 in the year ended December 31, 2014 from \$3,974,640 in fiscal 2013.

For the year ended December 31, 2014, operating expenses increased to \$8,091,376 as compared to \$4,564,113 in fiscal 2013. The increase in operating expenses in fiscal 2014 as compared to fiscal 2013 is primarily due to experiencing an expanded infrastructure with the acquisition of PIR for a full year during the year ended December 31, 2014 compared to a partial year in fiscal 2013, amortization expenses incurred related to the PIR acquisition, as well as general increases in personnel cost and sales and marketing efforts to support a larger organization.

In fiscal 2014, we had a loss before taxes of \$237,349 compared to net income before taxes of \$1,184,577 in fiscal 2013. Net income was \$42,126 in fiscal 2014 as compared to \$628,577 in fiscal 2013.

In fiscal 2015 we anticipate that we will achieve growth in each of our revenue streams. Shareholder communication revenue will grow due to the acquisition of Accesswire. This growth, however, will be partially offset by a decline in revenue associated with our ARS service offerings as issuers shift from hardcopy fulfillment of annual reports to digital fulfillment. While this shift will cause declines in revenue, we expect gross margin percentage to increase. We anticipate revenue from both disclosure management and software licensing to grow as we roll out new technologies and focus on a bundled approach to cross sell services among revenue streams and among client bases acquired through Accesswire and PrecisionIR. We plan to focus both on organic growth and consider acquisitions of complementary businesses.

Results of Operations

Comparison of results of operations for the years ended December 31, 2014 and 2013

Revenue Streams	Year ended	
	December 31, 2014	2013
Disclosure management		
Revenue	\$3,354,293	\$3,974,640
Gross margin	\$2,458,896	\$2,924,114
Gross margin %	73	% 74
Shareholder communications		
Revenue	9,380,876	4,362,404
Gross margin	6,358,831	2,898,513
Gross margin %	68	% 66
Software licensing		
Revenue	894,515	505,185
Gross margin	746,302	441,711

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Gross margin %	83	%	87	%
Total				
Revenue	\$13,629,684		\$8,842,229	
Gross margin	\$9,564,029		\$6,264,338	
Gross margin %	70	%	71	%

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Revenues

Total revenue increased by \$4,787,455, or 54%, to \$13,629,684 during the year ended December 31, 2014, as compared to \$8,842,229 in fiscal 2013. The overall increase in revenue during fiscal 2014 as compared to fiscal 2013 is attributable to increases in our shareholder communications and software licensing services offset by a decline in disclosure management services compared to the prior year. Revenue from disclosure management services decreased \$620,347, revenue from shareholder communications increased \$5,018,472 and revenue from software licensing increased \$389,330, in large part due to having the benefit of the services acquired in the acquisition of PrecisionIR for a full year compared to only a partial year in fiscal 2013.

Disclosure management revenue decreased \$620,347, or 16%, during the year ended December 31, 2014 as compared to fiscal 2013. The decrease is attributable to several reasons. The company experienced increased price pressure in our XBRL service offerings as the market becomes more mature. We have also focused less on our reseller business, as our focus is now on selling direct to issuers. Furthermore, in fiscal 2013 we were able to charge consulting fees for XBRL for onboarding for first time XBRL filings, and did not have such fees in fiscal 2014. Also, as the markets for digital stock delivery become more widely used, we are seeing less physical issuances and more delivery by digital platform from the Depository and the Bank and Broker community. The timing of these corporate directives and actions are difficult to predict as they are controlled by our clients and the conditions of the market.

Shareholder communication revenue increased \$5,018,472, or 115% during the year ended December 31, 2014 as compared to fiscal 2013. The increase in shareholder communication revenue is attributable to the inclusion of PrecisionIR revenue for an entire year during the year ended December 31, 2014 compared to the period between August 22, 2013, the date of the acquisition, and December 31, 2013. We anticipate that we will continue to achieve growth in shareholder communication revenue in the future due to the acquisition of Accesswire. This growth, however, will be partially offset by a decline in revenue associated with our ARS service offerings as issuers shift from hardcopy fulfillment of annual reports to digital fulfillment. While this shift will cause declines in our traditional ARS revenues, we expect a slight increase in gross margin percentage as we transition to higher margin digital services.

Software licensing revenues increased by \$389,330, or 77% during the year ended December 31, 2014 as compared to fiscal 2013, due to the inclusion of PrecisionIR revenue for an entire year during the year ended December 31, 2014 compared to the period between August 22, 2013, the date of the acquisition, and December 31, 2013. We generated revenue of \$480,545 from webcasting business during the year ended December 31, 2014, whereas we only had \$169,836 of webcasting in fiscal 2013.

2014 Revenue Backlog

At December 31, 2014, we have deferred revenue of \$877,120 that we expect to recognize throughout 2015. Deferred revenue primarily consists of advance billings for annual service contracts for PIR's annual report service.

Cost of Services

Cost of revenues consists primarily of direct labor costs, third party licensing, warehousing, logistics, print production materials, postage and outside services directly related to the delivery of services to our customers. Cost of revenues increased by \$1,487,764, or 58% during the year ended December 31, 2014 as compared to the same period of fiscal 2013. However, overall gross margins increased by \$3,299,691, or 53%, to \$9,564,029 during the year ended December 31, 2014 as compared to \$6,264,338 in the same period of fiscal 2013. Gross margin percentages for the year ended December 31, 2014 was 70% of revenue compared to 71% of revenue during the same period of fiscal 2013.

We achieved margins of 73% from our disclosure management services during the year ended December 31, 2014 as compared to 74% in fiscal 2013. As previously discussed we are experiencing pricing pressure for our XBRL services, although we have been able to offset this with cost savings. However, we anticipate that margins from our disclosure management services will remain above 70% in the future.

Gross margins from our shareholder communications services increased to 68% as compared to 66% in fiscal 2013. As previously stated, our revenues from these services increased significantly in fiscal 2014 due to the inclusion of PrecisionIR revenues. PrecisionIR has historically achieved margins of approximately 70% from these services, which has attributed to the improvement in gross margins in fiscal 2014.

Gross margins from software licensing were 83% in the year ended December 31, 2014, as compared to 87% in fiscal 2013. This decrease is also the result of the inclusion of PrecisionIR webcasting revenue for an entire year. While this has resulted in higher revenue, margins are slightly lower due to the platform cost to deliver the service.

General and Administrative Expense

General and administrative expenses consist primarily of salaries, stock based compensation, insurance, fees for professional services, general corporate expenses and facility and equipment expenses. General and administrative expenses increased \$1,745,852 during the year ended December 31, 2014 as compared to fiscal 2013.

The increase in the year ended December 31, 2014 as compared to fiscal 2013 was primarily due to the inclusion of PrecisionIR's general and administrative expenses for an entire year as compared to only a partial year in 2013. Cash related personnel expenses increased \$817,667 and stock based compensation increased \$124,773. Facility related costs, including rent, increased \$122,810. This also includes the accrual of rent through October 31, 2015, associated with an office lease in Richmond, VA, for which the Company provided notice of termination to the landlord. Bad debt expense increased \$72,521, however the company has taken steps to consolidate the collection function of both Issuer Direct and PrecisionIR in the last several months, which we expect will reduce our expense in the future. Professional fees increased \$181,274 to support a more complex audit and tax structure and consulting fees paid to implement a new accounting system. Furthermore, we paid fees of \$50,000 in the listing of common stock on NYSE MKTS as we moved to the exchange during the first quarter of 2014.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries, stock based compensation, sales commissions, sales consultants, advertising expenses, and marketing expenses. Sales and marketing expenses for the year ended December 31, 2014 increased by \$1,116,948 as compared to fiscal 2013. This increase is almost entirely attributable to the inclusion of PrecisionIR sales and marketing activities for the full year in fiscal 2014.

As a percentage of revenue, sales and marketing expense was 20% during the year ended December 31, 2014 compared to 18% in fiscal 2013. We placed a higher priority on sales and marketing activities, particularly direct mail campaigns, in the legacy PrecisionIR business in the second quarter of 2014, and therefore sales and marketing expense increased as a percentage of revenue during fiscal 2014. We anticipate sales and marketing expenses to approximate 20% of revenue in the future.

Depreciation and Amortization

Depreciation and amortization expenses during the year ended December 31, 2014 increased to \$1,158,642 as compared to \$494,179 during fiscal 2013. The increase is almost entirely attributable to the amortization of intangible assets recorded as a result of the acquisition of PrecisionIR on August 22, 2013 as well as Accesswire on October 29, 2014. Furthermore, during the year ended December 31, 2014, the Company exercised an early termination clause on an office lease in Richmond, VA. As a result, the depreciation on leasehold improvements associated with the lease was accelerated which resulted in a charge of approximately \$40,000 that was recorded in the fourth quarter of 2014.

Interest Income (Expense), Net

On August 22, 2013, in connection with and to partially fund the acquisition of PIR, we entered into a Securities Purchase Agreement (the "8% Note Purchase Agreement") relating to the sale of \$2,500,000 aggregate principal amount of our 8% convertible secured promissory note ("8% Note") with Red Oak Partners LP ("Red Oak"). The 8% Note pays interest on each of March 31, June 30, September 30 and December 31, commencing on September 30, 2013, at a rate of 8% per year. The 8% Note will mature on August 22, 2015. Beginning immediately upon the date of issuance, Red Oak or its assigns may convert the 8% Note into shares of our common stock at a conversion price of \$3.99 per share. The conversion price will be adjusted for certain events, such as stock dividends and stock splits. On the date we entered into the 8% Note Purchase Agreement, our stock price was \$8.20 per share, and therefore we

assigned a value of \$2,500,000 to the common stock conversion feature and recorded this as debt discount and additional paid in capital. The debt discount is being amortized over the two year life of the 8% Note. Net interest expense during the year ended December 31, 2014 increased to \$1,710,002 from \$515,648 in fiscal 2013. During the years ended December 31, 2014 and 2013, we recorded non-cash interest expense of \$1,541,065 and \$446,909, respectively, and cash interest expense of \$167,742 and \$71,739, respectively, related to the 8% Note, which attributed almost entirely to the increase in interest expense.

On November 12, 2014, Red Oak converted \$833,327 of principal and \$23,369 of accrued interest payable on the 8% Note into 214,710 shares of our common stock at the conversion price of \$3.99. Following this transaction, the principal balance of the note was \$1,666,673. As a result of this transaction, we recorded \$323,250 of non-cash interest expense due to the acceleration of debt discount on the portion of the 8% Note that was converted. Interest expense related to the Note will decrease in 2015 as the Note matures on August 22, 2015, and because the principal balance has been reduced due to the portion of the note that was converted in 2014.

Income Taxes

We recorded an income tax benefit of \$279,475 during the year ended December 31, 2014 compared to an expense of \$556,000 during fiscal 2013. The tax benefit in 2014 is attributable to our operating loss and the release of a valuation allowance associated with a net operating loss carryforward in one of our foreign subsidiaries. Also the effective rates reflect the impact of non-deductible non-cash charges such as stock based compensation, non-cash interest, and non-deductible transaction expenses incurred with the acquisition of PIR in the year ended December 31, 2014.

Net Income

Net income for the year ended December 31, 2014 was \$42,126 as compared to \$628,577 in fiscal 2013. Although revenues were significantly higher with sustained gross margins during the year ended December 31, 2014 as compared fiscal 2013 as previously discussed, net income in 2014 is lower primarily due to our increased amortization expenses related to the intangible assets recorded as a result of the acquisition of PrecisionIR and Accesswire, as well as significant non-cash and cash interest expense as explained above.

Liquidity and Capital Resources

As of December 31, 2014, we had \$1,721,343 in cash and cash equivalents and \$2,013,464 in net accounts receivable. Current liabilities at December 31, 2014, totaled \$3,504,666 including our accounts payable, deferred revenue, accrued payroll liabilities, accrued postage, income taxes payable, other accrued expenses and our note payable. At December 31, 2014, our current assets exceeded our current liabilities by \$549,097.

On August 22, 2013, in connection with and to partially fund the acquisition and simultaneously with the acquisition of PIR, we entered into a Securities Purchase Agreement (the "8% Note Purchase Agreement") relating to the sale of \$2,500,000 aggregate principal amount of our 8% convertible secured promissory note ("8% Note") with Red Oak Partners LP ("Red Oak"). The 8% Note began paying quarterly interest payments on September 30, 2013. The 8% Note will mature on August 22, 2015. If an event of default occurs pursuant to the terms of the 8% Note, the interest rate immediately increases to 18%. The 8% Note is secured by all of our assets and is subordinated to our obligations to its primary financial institution. Beginning immediately upon the date of issuance, Red Oak or its assigns may convert the 8% Note into shares of our common stock at a conversion price of \$3.99 per share. The conversion price will be adjusted for certain events, such as stock dividends and stock splits. On November 12, 2014, Red Oak converted \$833,327 of principal and \$23,369 of accrued interest payable on the 8% Note into 214,710 shares of our common stock at the conversion price of \$3.99. As of December 31, 2014, the outstanding principal balance was \$1,666,673, which may be converted into 417,712 additional shares of common stock.

Effective September 2, 2014, we renewed our Line of Credit and increased the amount of funds available to 80% of eligible accounts receivable, as defined in the line of credit agreement, up to a maximum of \$2,000,000. As of December 31, 2014, we had approximately \$991,000 remaining for future borrowings under the line of credit based on the calculation of eligible accounts receivable.

On October 29, 2014, we purchased all of the assets from Baystreet.ca Media Corp. relating to the press release dissemination business called "Accesswire". The purchase price of \$1,840,000 consisted of cash of \$1,700,000, and common stock with a value of \$140,000. We paid the \$1,700,000 from our available cash on the date of closing and therefore reduced our cash balance in the fourth quarter of 2014.

We manage our cash flow carefully with the intent to meet our obligations from cash generated from operations. However, it is possible 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, to allow us to pay dividends, 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 outlook for fiscal 2015 remains positive. We continue to focus on increasing our client base and revenues over our prior quarters. Further, we expect that over the next several quarters we will generate additional revenues from the acquisition of Accesswire and from our increased internal sales efforts. We also expect to continue to control cost as we did in fiscal 2014, and expect to continue our history of achieving positive cash flows from operations. Furthermore, as more of our revenue is under quarterly and annual contracts, our revenue will continue to become more predictable. At December 31, 2014, we have deferred revenue of \$877,120 that will be recognized over the next twelve months.

We have spent and will continue to spend a considerable amount of time focused on our product sets, platforms and intellectual property development through the early part of 2015. These developments are key to our overall offerings in the market and necessary to keep our competitive advantages and sustain the next round of growth that management believes it can achieve. By being successful in this development effort, we can achieve increases in revenues per user as we move throughout fiscal 2015.

This strategy is the same as it has been over the past several years. We have always strived to maintain a competitive advantage by integrating, refining and delivering solutions to the corporate issuer marketplace in an offering no other provider could match. The market has begun to catch up and or has met our levels of being disruptive. Therefore the next phase of our strategy is extremely important to bring to market as successfully as we have done in the past. It is our belief that because of our technology development focus, we will be successful in expanding the number of services per client, as well as the continued success in acquiring new clients through organic growth.

In North America we will continue to execute on our initiatives of market expansion while maintaining our overall margins from all of our revenue streams.

In Europe, we are focused on expanding new opportunities with the stock exchanges as well as the leading brokerage firms. We believe that the PrecisionIR business will allow us to explore new markets for our core disclosure business. Prior to the acquisition of PrecisionIR, we had no presence in Europe. It is our belief that in the upcoming years that our infrastructure, partnerships and clients in the PrecisionIR business will enable us to bring our core Issuer Direct offerings to new markets, specifically our shareholder communications market data-cloud products and our disclosure reporting business. However, this is a new market for us and there can be no assurances we will be successful in this endeavor. Such factors as the deep learning curve of regulatory markets, reporting and disclosure requirements could impact this initiative if we are not adequately prepared.

Overall, the demand for corporate services continues to be strong in the segments we serve. In a portion of our business, we will continue to see demand shift from traditional printed materials to more of a hybrid or print-on-demand solution. We are positioned well in this space to be both competitive and agile to deliver these solutions to the market at the same or higher gross margins.

We expect to continue to focus on the following key strategic initiatives during 2015:

- Expansion of our Sales and Marketing teams,
- Profitable sustainable growth,
- Generate significant cash flows from operations,
- Increase average revenue per user,
- Expand customer base,
- Release new technology advancements in both our disclosure and communications business, and
- Grow our newswire business following the acquisition of Accesswire.

We continue to believe there is significant demand for our products among the large, middle and small cap markets that are seeking to find better systems and tools to disseminate and communicate their respective messages, and that we have the capacity to meet the demand.

Critical Accounting Policies and Estimates

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

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. Deferred revenue primarily consists of upfront payments for annual service contracts, and is recognized throughout the year as the services are performed.

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 is made up of specific reserves, as deemed necessary, on client account balances, and a reserve based on our historical experience.

Income Taxes

We comply with FASB ASC No. 740 – 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 dependent on future estimates of taxable income, which is highly judgmental. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized. For any uncertain tax positions, we recognize 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. Our policy regarding the classification of interest and penalties is to classify them as income tax expense in our financial statements, if applicable. At the end of each interim period, we estimate the effective tax rate we expect to be applicable for the full fiscal year and this rate is applied to our results for the interim year-to-date period and then adjusted for any discrete period items.

Impairment of Long-lived Assets

In accordance with the authoritative guidance for accounting for long-lived assets, such as property and equipment, trademarks, and intangible assets 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. Estimates of future cash flows are highly judgmental. 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. Goodwill is tested for impairment annually or whenever events indicate that the asset may be impaired.

Fair Value Measurements

As of December 31, 2014 and 2013, we do not have any financial assets or liabilities that are required to be, or that we elected to measure, at fair value. We believe that the fair value of our financial instruments, which consist of cash and cash equivalents, accounts receivable, our line of credit, notes payable, and accounts payable approximate their carrying amounts.

Stock-based compensation

We account for stock-based compensation under the authoritative guidance for stock compensation. The authoritative guidance for stock compensation requires that companies estimate the fair value of share-based payment awards on the date of the grant using an option-pricing model. The cost is to be recognized over the period during which an employee is required to provide service in exchange for the award. The authoritative guidance for stock compensation also requires the benefit of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow, rather than as an operating cash flow as prescribed under previous accounting rules. This requirement reduces net operating cash flows and increases net financing cash flows in periods subsequent to adoption, only if excess tax benefits exist.

Translation of Foreign Financial Statements

The financial statements of the foreign subsidiaries of the Company have been translated into U.S. dollars. All assets and liabilities have been translated at current rates of exchange in effect at the end of the fiscal period. Income and expense items have been translated at the average exchange rates for the year or the applicable interim period. The gains or losses that result from this process are recorded as a separate component of other accumulated comprehensive income until the entity is sold or substantially liquidated.

Goodwill

Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Goodwill is assessed at least annually for impairment, and any such impairment will be recognized in the period identified.

Business Combinations and Intangible Assets

We account for our business combinations in accordance with the authoritative guidance for business combinations, and the related acquired intangible assets and goodwill in accordance with the authoritative guidance for intangibles — goodwill and other. The authoritative guidance for business combinations specifies the accounting for business combinations and the criteria for recognizing and reporting intangible assets apart from goodwill. We record the assets acquired and liabilities assumed in business combinations at their respective fair values at the date of acquisition, with any excess purchase price recorded as goodwill. Intangible assets consist of client relationships, customer lists, software, technology and trademarks that are initially measured at fair value. The trademarks have an indefinite life and are not amortized. The trademarks are assessed annually for impairment, or whenever conditions indicate the asset may be impaired, and any such impairment will be recognized in the period identified. The client relationships, customer lists, software and technology are amortized over their estimated useful lives.

Recent Accounting Pronouncements

The FASB has issued Accounting Standards Update (“ASU”) 2015-01, Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. The FASB issued this ASU as part of its initiative to reduce complexity in accounting standards. The objective of the simplification initiative is to identify, evaluate, and improve areas of U.S. GAAP for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to the users of financial statements. The amendments in ASU 2015-01 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not anticipate that ASU 2015-01 will have a significant impact on their financial statements.

The FASB has issued ASU 2014-16, Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity. The amendments in this ASU do not change the current criteria in U.S. GAAP for determining when separation of certain embedded derivative features in a hybrid financial instrument is required. The amendments clarify how current U.S. GAAP should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Specifically, the amendments clarify that an entity should consider all relevant terms and features, including the embedded derivative feature being evaluated for bifurcation, in evaluating the nature of the host contract. Furthermore, the amendments clarify that no single term or feature would necessarily determine the economic characteristics and risks of the host contract. Rather, the nature of the host contract depends upon the economic characteristics and risks of the entire hybrid financial instrument. The amendments in this ASU are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not anticipate that ASU 2014-16 will have a significant impact on their financial statements.

The FASB has issued ASU 2014-12, Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The issue is the result of a consensus of the FASB Emerging Issues Task Force (EITF). The amendments in the ASU require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in

Topic 718, Compensation – Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The Company will apply the provisions of ASU 2014-12 to any future performance based stock awards, but does not anticipate that the impact will have a significant impact on their financial statements.

The FASB has issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 requires revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 sets forth a new revenue recognition model that requires identifying the contract, identifying the performance obligations, determining the transaction price, allocating the transaction price to performance obligations and recognizing the revenue upon satisfaction of performance obligations. The amendments in the ASU can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of the initial application along with additional disclosures. The Company is currently evaluating the impact of ASU 2014-09, which is effective for the Company in our fiscal year beginning on January 1, 2017.

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, which totaled \$1,721,343 and \$1,713,479 at December 31, 2014 and 2013, respectively. We held no marketable securities as of December 31, 2014 or 2013.

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, 2014 and 2013, and the related statements of income, comprehensive income, stockholders' equity and cash flows for the two years ended December 31, 2014, and 2013, together with the independent registered public accountants' reports thereon appear beginning on Page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A(T). 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 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, 2014 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 Financial Officer, do 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