

ALERE INC.
Form DEFA14A
July 01, 2013

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission

Definitive Proxy Statement

Only (as permitted by Rule 14a-6(e)(2))

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Alere Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Alere Inc.

51 Sawyer Road, Suite 200

Waltham, MA 02453, USA

June 27, 2013

Dear Fellow Alere Stockholder:

As part of our ongoing efforts to build stockholder value, Alere's Board of Directors is pleased to nominate four outstanding senior executives, **Håkan Björklund, Stephen MacMillan, Brian Markison and Sir Thomas McKillop**, for election as directors at our 2013 Annual Meeting of Stockholders on August 7. The nominees, all of whom we expect to qualify as independent directors under applicable NYSE rules, would take seats previously filled by three independent directors and one director who is a senior executive officer of Alere.

All four of your Board's nominees are current or former Chief Executive Officers of major healthcare companies with significant operating experience. The nominees were recommended by your Board's Nominating and Corporate Governance Committee after a lengthy and extensive review process involving the assistance of a premier executive search firm. We are confident that each of these nominees will draw upon their experience as chief executives of diverse and complex global organizations to contribute significantly to your Board's expertise and oversight of Alere's corporate strategy through the next stage of our growth and development.

Your Board of Directors recommends that you, our valued stockholders, vote the WHITE proxy card to elect Alere's four new independent director nominees.

ALERE IS EXECUTING A COMPREHENSIVE PLAN TO UNLOCK STOCKHOLDER VALUE

While acquisitions have been a crucial part of our strategy to build our company to the global scale, product breadth, and market leadership we now have, this phase of our development is now substantially complete. Our focus is now on internally improving our organic revenue growth and our operating margins.

In November of last year, Alere's Board and management team presented to our stockholders a three-point plan to drive higher operating margins and increase free cash flow and earnings growth.

We believe that our plan has been well-received by investors and the plan is already gaining traction. Alere's stock price has increased approximately 28% since November 7, 2012, the last trading day prior to our communicating the new strategy, as compared to returns during the same period for the S&P 500 index of 15%. We believe that we are poised to unlock significant additional stockholder value and that our valuation will continue to improve from significant earnings growth that will come from our focus on organic revenue growth, improving operating margins and applying excess free cash flow to debt reduction.

Our three-point plan to unlock stockholder value consists of:

Deliverable: Re-establish historic organic revenue growth rates through a combination of growth in existing businesses, new product launches and further penetration of new geographic markets.

alere.com

Actions taken or underway:

Existing businesses: In the near term, we expect our organic growth rate to accelerate as we (i) overcome Triage related manufacturing capacity constraints and begin the process of recapturing our customers, (ii) expand revenue from our toxicology products as pricing adjustments made in early 2012 have been in place for over one year and (iii) expand in diabetes sales with our positioning as a low-cost provider.

New product launches: We continue to drive growth through recent and near term product introductions such as our (i) CD4 Analyzer, (ii) Alere Q and Alere I molecular diagnostic tests for HIV, HCV, TB and flu and other infectious diseases and (iii) epoc Blood Analysis System, which provides caregivers with wireless communication and real-time lab-quality blood gas, electrolyte, and metabolite results at the patient bedside.

Under-penetrated markets: We continue to expand in key markets in Asia, Latin America and Africa, where we remain underpenetrated.

Deliverable: Simplify our corporate structure and improve operational execution to generate dependable, long-term cash flow.

Actions taken or underway:

We are standardizing key business processes and globalizing shared services, in order to aggregate expenses and activities across multiple business units to obtain economies of scale.

We are aggressively relocating support functions to lower-cost environments such as the Philippines and continuing our ongoing efforts to reduce manufacturing costs through automation and relocation to low cost areas.

We recently appointed Namal Nawana, a former 15-year executive at Johnson & Johnson, with global operational experience in integrating large, complex acquisitions to the newly created position of Chief Operating Officer and have given him the mandate to improve on our execution.

Deliverable: Utilize excess cash flow from operations, a reduced acquisition pace and divestitures of non-core operations to support deleveraging to at least 4.0x Debt to EBITDA by the end of 2015.

Actions taken or underway:

We are engaged in active and ongoing discussions with multiple parties concerning the divestiture of several non-core businesses. Our actions are consistent with our historical practice of continually analyzing our business to evaluate prudent divestitures of non-core assets. Past transactions include our divestiture of our Nutritionals business in 2010 and the formation of our consumer products joint venture with Procter & Gamble in 2007.

In evaluating any future divestitures, our Board believes that a balance must be maintained between paying down debt and incurring excessive earnings dilution or diminishing our organic growth rate.

Cash flow generation and earnings growth in our core businesses have already improved, and with the pace of acquisitions significantly reduced, deleveraging will naturally occur from internally generated cash flow.

ALERE'S BOARD NOMINEES ARE ALL HIGHLY SUCCESSFUL CEOs OF MAJOR HEALTHCARE COMPANIES WITH TRACK RECORDS OF CREATING STOCKHOLDER VALUE THROUGH OPERATIONAL EXCELLENCE

Your Board's new independent director nominees are all proven, highly successful Chief Executive Officers from the healthcare industry, each with a track record of creating stockholder value through operational excellence, and who have led large businesses, generating significant growth in revenue and profits. In addition, each has expertise in successfully integrating acquisitions, managing complex FDA and regulatory approval processes, and developing, manufacturing and marketing medical products on a global basis.

By choosing to nominate our four non-incumbent director candidates, your Board has taken a dramatic step to bring additional independent thinking and fresh perspective to Alere. Your Board's director nominees have committed to being actively engaged in overseeing management's execution of Alere's strategy with each bringing unique operational experience to this critical role.

Dr. Hakan Björklund is the former CEO of Nycomed Luxco SA, a global pharmaceutical company, and has 28 years of operating experience in the healthcare industry. During Dr. Björklund's leadership of Nycomed from 1999 to 2011, Nycomed grew from a small, predominantly Scandinavian business, into a major global pharmaceutical company with leading market positions in Europe, Russia/CIS, Brazil and Latin America. In 2006, Dr. Björklund led the integration of Altana Pharmaceutical, a German-based company Nycomed purchased for \$5.4 billion. Under Dr. Björklund's leadership, Nycomed's revenue and EBITDA rose by over 800% and 900%, respectively, from \$453 million to \$4.2 billion in revenue, and from \$96 million to \$1 billion in EBITDA from 2001 (when financial information became publicly available for Nycomed) to 2010. Dr. Björklund led the 2011 sale of Nycomed to Takeda Pharmaceuticals for \$13.8 billion, which represented nearly double the invested dollars in Nycomed since 2002. Dr. Björklund's significant experience in integrating acquisitions and successes in growing businesses rapidly in emerging markets are particularly valuable given Alere's significant growth opportunities in many of the rapidly developing economies of the world. In addition, Dr. Björklund's extensive knowledge of European markets will benefit Alere in managing the ongoing economic uncertainties in Europe as well as in launching many of our new products first in Europe.

Stephen MacMillan is the former CEO and COO of Stryker Corporation, a global medical device company, and has 24 years of healthcare industry operating experience. Prior to Stryker, Mr. MacMillan was senior executive at Pharmacia Corporation, a global pharmaceutical company, where he oversaw five global businesses with revenue exceeding \$2 billion, including one in diagnostics. During his tenure as CEO and COO of Stryker from 2003 to 2012, Mr. MacMillan successfully led Stryker through a series of key strategic acquisitions, the launch of a number of key products within the orthopedic implants and medical instrumentation businesses, and delivered strong operating performance, with revenue and EBITDA growing from 2003 to 2011 by approximately 130% and 150% respectively, from \$3.6 billion to \$8.3 billion in revenue and from \$907 million to \$2.3 billion in EBITDA. During his tenure, Stryker delivered stock price appreciation of over 62%, compared to appreciation of the S&P 500 index of approximately 40%. While Mr. MacMillan presided as CEO, Stryker was selected by Forbes, over multiple consecutive years, as one of the world's most admired companies. Mr. MacMillan's deep operational and regulatory experience in the medical products industry will help Alere in its efforts to improve operational efficiencies, including effectively integrating recently acquired businesses.

Brian Markison is the former CEO of both King Pharmaceuticals and Fougere Pharmaceuticals, and has more than 31 years of healthcare operating experience. Prior to King Pharmaceuticals and Fougere Pharmaceuticals, Mr. Markison held various leadership positions over a 22-year career at Bristol-Myers Squibb, most notably serving as President of the Neuroscience/Infectious Disease and Dermatology divisions. Mr. Markison joined King in March 2004 and became CEO in July 2004, a position he retained until Pfizer's

acquisition of King in 2011. From 2004 to 2009, the last full year of reported financials, revenue and EBITDA grew by 36% and 42%, respectively, from \$1.3 billion to \$1.8 billion in revenue, and from \$360 million to \$513 million in EBITDA. While at King, Mr. Markison executed a successful turn-around of the business, drove expansion into new international markets and significantly expanded King's product portfolio through a number of successful acquisitions, including King's \$1.9 billion purchase of Alparma. Mr. Markison oversaw the sale of King to Pfizer in 2011 for \$3.9 billion, and during his tenure, stock price appreciation was over 37% compared to appreciation of the S&P 500 index of approximately 20%. Mr. Markison's track record of turning around the performance of King while expanding internationally, as well as executing and integrating acquisitions, will help Alere deliver both improved operational performance and accelerated organic growth while integrating many of its acquired businesses.

Sir Thomas Fulton Wilson McKillop is the former CEO of AstraZeneca, a global pharmaceutical company, and has over 45 years of healthcare operating experience. During his tenure as CEO at AstraZeneca and its predecessor, Zeneca from 1994 to 2005, Dr. McKillop, as the former CEO of Zeneca plc led the merger of Astra AB and Zeneca to create AstraZeneca plc. While CEO of AstraZeneca, Dr. McKillop drove significant organic growth through a number of successful product launches such that by 2005 AstraZeneca had ten separate products with revenue over \$1 billion. Under Dr. McKillop's leadership from 1999 to 2005, annual revenue at AstraZeneca grew over 58%, from approximately \$15 billion to nearly \$24 billion, EBITDA grew over 130% from \$3.4 billion to over \$7.8 billion, and stock price appreciation from the announcement of the merger through 2005 was approximately 15.5% compared to appreciation of the S&P 500 index of 5.7%. Dr. McKillop's experience in delivering significant organic growth and in successful product launches will benefit Alere in its efforts to accelerate its organic growth rates. His leadership of AstraZeneca during the integration of a transformational merger will also benefit Alere as it focuses on improving operational efficiencies through integration of its acquired businesses.

THE MANAGEMENT OF ALERE IS ALIGNED WITH STOCKHOLDERS AND HAS A TRACK RECORD OF BUILDING LONG TERM VALUE FOR THEIR STOCKHOLDERS

Your management team and Board members of Alere beneficially own approximately 9% of Alere's common stock, significantly more than Coppersmith and Scopia's combined ownership. Our interests are therefore closely aligned with stockholders in driving the long term value of the company. As Chief Executive Officer, my family and I beneficially own approximately 5.2% of Alere's common stock, a larger position than any other individual.

Your management team, which has built Alere since its formation, has a strong record of driving operational and stock price performance. While our stock price has experienced declines from the pre-financial crisis peak in 2008, our stock price has increased approximately 28% since the November announcement of our plan to unlock stockholder value. In addition, our core management team at Alere founded and built Inverness Medical Technology, the company from which Alere was spun-off. At Inverness, our team delivered a total stockholder return of 364% after its IPO in 1996 (34% annual return to stockholders), culminating in the sale of Inverness, near the all-time high in Inverness' stock, to Johnson & Johnson for \$1.3 billion in 2001.

OUR STRATEGIC FOCUS ON THE DIAGNOSIS AND MANAGEMENT OF CHRONIC DISEASES

POSITIONS US FOR CONTINUED STRONG GROWTH

Alere is a global leader in the manufacture and development of point-of-care products for the diagnosis and management of major chronic diseases. The core focus of our business is on four large chronic disease categories: cardiovascular diseases, infectious diseases, addictive diseases (toxicology) and diabetes.

As a global leader in chronic diseases, we are extremely well positioned to benefit from the long-term growth trends in the incidence and treatment of chronic diseases, including:

The prevalence and growth of chronic diseases, which account for more than 60% of deaths worldwide, and which affect one-third of the world's population.

The increased worldwide adoption of diagnostics to provide early diagnosis and better treatment outcomes for patients with chronic diseases.

Adoption of molecular testing, which is expected to improve performance, increase reimbursement and expand usage of diagnostic testing.

We are also well positioned to take advantage of the rapid changes in healthcare, which will drive the demand for more effective diagnosis and management of chronic disease patients by connecting physicians and patients with real time diagnostic information.

In the US, these changes include the growing burden of healthcare regulations under the Affordable Care Act that has caused the emergence of Accountable Care Organizations, which tie reimbursements to providers (physicians & hospitals) to achieving healthcare quality goals and patient outcomes.

Globally, these changes include the growing need to produce better outcomes for chronic disease patients while reducing costs.

In response to these changes, healthcare providers are seeking (i) real-time access to patient care information that is captured from all healthcare settings, (ii) better decision support tools and (iii) comprehensive care management programs.

To address these changes, Alere has commercialized an integrated system comprised of point-of-care diagnostics, health information systems and chronic care management programs, and is well positioned to leverage our existing customer relationships and sales and marketing channels to deliver these solutions both in the US and on a global basis. We believe integrated systems like ours both address current needs and increasingly will represent the future of healthcare, providing comprehensive, real-time healthcare information and programs to facilitate early intervention and management of chronic conditions, all with the goal of lowering overall healthcare costs and improving outcomes.

COPPERSMITH'S FINANCIALLY ENGINEERED PROPOSALS ARE VALUE DESTRUCTIVE AND

DEMONSTRATE A FAILURE TO UNDERSTAND OUR BUSINESS AND OUR INDUSTRY

Coppersmith Capital Management has put forth proposals that are focused on divesting and deleveraging at all costs, without regard for value-creation or the ability to sustain long-term growth. Their plan includes shutting down core businesses, or selling them at whatever fire-sale price can be achieved, and appears to be designed to create a flurry of financial engineering activity at the expense of building a well-positioned business.

Shutting down or divesting our Health Information Solutions for the express and sole purpose of creating a tax loss would destroy stockholder value. With the changing healthcare environment, our Health Information Solutions business is at the core of our chronic disease strategy by connecting our proprietary diagnostic devices to physicians, hospitals and accountable care organizations, allowing for comprehensive care management with better outcomes and lower costs. Furthermore, while the health management industry has suffered several years of declines, our Health Information Solutions business has stabilized and is on a path to sustained profitability. While we have previously stated publicly that we are looking to divest selected non-core parts of this business unit, shutting down or selling a profitable and growing business would destroy value and compromise our growth strategy.

A sale of our Toxicology business would reduce revenue and earnings growth and makes no strategic or financial sense. Diagnostics for addictive diseases is one of our core diagnostic pillars in chronic disease, along with our other key chronic disease verticals in cardiovascular disease, infectious disease and diabetes. Drug and alcohol addictions are a pervasive and rapidly growing chronic healthcare problem worldwide, and drug abuse is becoming an increasing focus of government regulators. Alere has become a market leader in toxicology diagnostics and testing services, and we are extremely well positioned to generate attractive growth in this market. Furthermore, our Toxicology business is one of our strongest revenue and profit growth areas, and a divestiture would reduce both our revenue and earnings growth and be massively dilutive to earnings per share.

What Coppersmith has mistakenly ignored, is that divesting profitable businesses and using the net proceeds to pay down low-cost debt is dilutive to earnings, unless the sale price is at exceedingly high multiples of cash flow. In addition, selling businesses with strong growth that are core to Alere's strategy severely compromises our competitive advantage and dilutes our revenue growth. Our Board is absolutely committed to achieving the deleveraging goals we announced in November 2012 in a manner that creates value for stockholders. Debt financing has been an attractive source of capital for our historical acquisition strategy, and Alere currently has a weighted average cost of debt of approximately 5%. Our current debt trading levels and well-received bond offerings reflect very favorable views of Alere from the debt markets.

VOTE FOR ALERE'S NOMINEES ON THE WHITE PROXY CARD

In conclusion, your Board does not support the Coppersmith nominees or the value destructive actions they are proposing because we believe they would be detrimental to the creation of sustainable long-term value for our stockholders. You should carefully review Alere's definitive proxy statement which has been sent to you, vote the enclosed WHITE proxy card to elect Alere's four new independent director nominees and discard any proxy materials you may receive from Coppersmith.

We appreciate and look forward to your continued support.

Sincerely,

Ron Zwanziger

Chairman, Chief Executive Officer and President

If you have any questions, require assistance with voting your WHITE proxy card, or need additional copies of

the proxy materials, please contact:

The Proxy Advisory Group, LLC

18 East 41st Street, Suite 2000

New York, New York 10017

(888) 337-7699

Or

(888) 33 PROXY

Forward-Looking Statements

This letter contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated growth in revenues, operating margins, earnings and free cash flow, the anticipated effect of our strategy, anticipated increases in valuation, planned product launches, growth in new markets, anticipated economies of scale and reductions in costs, deleveraging, potential divestitures, trends in the healthcare industry, the timing of the Annual Meeting, the nominees for election as director and the anticipated independence of the nominees. These statements reflect our current views with respect to future events and are based on management's current assumptions and information currently available. Actual results may differ materially due to numerous factors including, without limitation, risks associated with global market and economic conditions and our ability to execute on our strategy, unanticipated effects of the Affordable Care Act, disruptions in the capital markets, fluctuations in currency exchange rates, changes in laws and regulations, dependence on suppliers, potential product liability litigation, regulatory compliance costs, unanticipated cost increases, competition, unanticipated delays or difficulties in research and product development and changes in demand for our products, as well as the other risks described in the Risk Factors section of our Annual Report on Form 10-K filed with the SEC on March 1, 2013, as amended. We undertake no obligation to update any forward-looking statements contained herein.

Important Additional Information

In connection with its 2013 Annual Meeting of Stockholders, we have filed a definitive proxy statement with the SEC and caused it to be mailed, together with an annual report and proxy card, to each of our stockholders. The proxy statement and a copy of the other materials that we file with the SEC from time to time, including our Annual Report on Form 10-K, as amended, for the year ended December 31, 2012, may be obtained free of charge via the Internet at www.sec.gov and through the Investor Relations page of our corporate website, www.alere.com. In addition, investors and security holders may obtain free copies of the proxy statement, the annual report and other proxy materials by directing a written request to Alere Inc., Investor Relations Department, 51 Sawyer Road, Suite 200, Waltham, MA 02453-3448, Attention: Doug Guarino or by telephone at (781) 647-3900.

The proxy statement and other relevant materials we have made or will make available contain important information about the director nominees and the other matters to be voted upon by stockholders at the 2013 Annual Meeting. **We urge stockholders to read the proxy statement, and any other relevant materials we make available, before making any decision with respect to the matters to be voted upon at the 2013 Annual Meeting, including the election of directors.**

Alere, our directors, director nominees and certain of our executive officers and employees may be deemed to be participants in the solicitation of proxies from our stockholders in connection with the 2013 Annual Meeting. Information about the participants in the solicitation, their ownership of our common stock and their direct and indirect interests in the matters to be voted upon at the 2013 Annual Meeting, which may, in some cases, be different from the interests of our stockholders generally, is set forth in the proxy statement.

ALERE INC.
ANNUAL MEETING OF STOCKHOLDERS

SIGN, DATE AND MAIL YOUR PROXY TODAY,

UNLESS YOU HAVE ALREADY VOTED BY INTERNET OR TELEPHONE.

IF YOU HAVE NOT VOTED BY INTERNET OR TELEPHONE, PLEASE DATE, MARK, SIGN AND RETURN

THIS PROXY PROMPTLY. YOUR VOTE BY INTERNET OR TELEPHONE MUST BE

RECEIVED NO LATER THAN 11:59 PM, EASTERN TIME, AUGUST 6, 2013

TO BE INCLUDED IN THE VOTING RESULTS. ALL VALID PROXIES

WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN.

If submitting a proxy by mail, please sign and date the card below and fold and detach card at perforation before mailing.

THIS PROXY CARD IS VALID ONLY WHEN SIGNED

The Board of Directors recommends a vote FOR ALL the nominees listed.

1. Election of the following nominees as Directors

(01) Håkan Björklund	FOR	<input type="checkbox"/>	WITHHOLD	<input type="checkbox"/>
(02) Stephen P. MacMillan	FOR	<input type="checkbox"/>	WITHHOLD	<input type="checkbox"/>
(03) Brian A. Markison	FOR	<input type="checkbox"/>	WITHHOLD	<input type="checkbox"/>
(04) Sir Thomas Fulton Wilson McKillop	FOR	<input type="checkbox"/>	WITHHOLD	<input type="checkbox"/>

The Board of Directors recommends a vote FOR the following:

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Approval of an increase to the number of shares of common stock available for issuance under the Alere Inc. 2010 Stock Option and Incentive Plan by 2,000,000 from 5,153,663 to

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7,153,663.

- | | | | |
|--|---|---|---|
| 3. Approval of the granting of options under our 2010 Stock Option and Incentive Plan to certain executive officers; provided that, even if this proposal is approved by our stockholders, we do not intend to implement this proposal unless Proposal 2 is also approved. | q | q | q |
| 4. Approval of an increase to the number of shares of common stock available for issuance under the Alere Inc. 2001 Employee Stock Purchase Plan by 1,000,000 from 3,000,000 to 4,000,000. | q | q | q |
| 5. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2013. | q | q | q |
| 6. Approval, by non-binding vote, of executive compensation. | q | q | q |

NOTE: In their discretion, the persons named as proxies may vote on such other business as may properly come before the meeting or any adjournment or postponement thereof.

PLEASE INDICATE IF YOU PLAN TO ATTEND THIS MEETING: YES q NO q
FOR ADDRESS CHANGE MARK HERE: YES q
(Please enter new address on reverse side.)

Continued and to be signed on the reverse side.

WHITE PROXY CARD

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.

We encourage you to take advantage of Internet or telephone voting.

Both are available 24 hours a day, 7 days a week.

Internet and telephone voting is available through 11:59 PM, Eastern Time, August 6, 2013.

VOTE BY INTERNET WWW.FIRSTCOASTRESULTS.COM/ALERE

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 PM, Eastern Time, August 6, 2013. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

OR

VOTE BY TELEPHONE 1-800-254-6492

Use any touch-tone telephone to transmit your voting instructions up until 11:59 PM, Eastern Time, August 6, 2013. Have your proxy card in hand when you call and then follow the instructions.

OR

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to: First Coast Results, Inc., Independent Tabulator, P.O. Box 3672, Ponte Vedra Beach, FL 32004-9911.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card. **Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON AUGUST 7, 2013: THE ANNUAL REPORT, PROXY STATEMENT AND OTHER PROXY MATERIALS, AS WELL AS DIRECTIONS TO ATTEND THE MEETING IN PERSON, ARE AVAILABLE AT [HTTP://WWW.VIEWOURMATERIAL.COM/ALERE](http://WWW.VIEWOURMATERIAL.COM/ALERE)

CONTROL NUMBER

If submitting a proxy by mail, please sign and date the card below and fold and detach card at perforation before mailing.

ALERE INC.

PROXY SOLICITED BY BOARD OF DIRECTORS

FOR ANNUAL MEETING OF STOCKHOLDERS, AUGUST 7, 2013, 12:30 PM.

The undersigned, revoking all prior proxies, hereby appoints RON ZWANZIGER and ELLEN V. CHINIARA, and each of them acting singly, proxies with full power of substitution in each of them, in the name, place and stead of the undersigned, to vote all shares of the voting stock of Alere Inc. that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Alere Inc. to be held on August 7, 2013 at The Emerging Enterprise Center at Foley Hoag LLP, 1000 Winter Street, Suite 4000, Waltham, Massachusetts 02451, or any adjournment or postponement thereof, upon the matters set forth on the reverse side.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN ON THE REVERSE SIDE; IF NO INSTRUCTIONS ARE GIVEN, THIS PROXY WILL BE VOTED FOR EACH OF THE PROPOSALS LISTED ON THE REVERSE SIDE.

Address Change: _____

Signature

Signature (Capacity)

(If you noted any address change above, please mark corresponding box on the reverse side.)

Signature (Joint Owners)

Signature (Capacity)

Date

NOTE: Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Continued and to be voted on the reverse side.

e a comprehensive array of documents for many of the nation's leading corporations, mutual fund companies, law firms, and investment banks. Our financial printing expertise gives us the edge in the market - giving you the confidence and time to focus on your business. Our production staff has a deep understanding of the regulatory requirements that drive many of the printed materials required to be distributed today - such as the new Summary

Prospectus for funds and Notice and Access for corporate issuers.

Additionally, we expanded our large run print capabilities this fiscal year with a Print-on-Demand (POD) production environment. Our Print-on-Demand and short run production now encompass the essence of our iFUND fulfillment system and notice and access proxy options. As fewer materials are requested and the next phase of the digital divide occurs, we expect print on demand to be a greater portion of our print business; this would include reminder mailings, and our new custom Notice and Access Cards.

Our Logistics and Fulfillment Services converge within our print and proxy business segments. We currently operate one of the largest fulfillment centers of corporate financial related and proxy material. Through our strategic partnership with GlobalMail, our fulfillment operations can place shareholder requested materials into the mail system quicker than traditional methods. Additionally each piece of mail carries unique tracking identifiers that allow both our staff and issuer approved constituents to request delivery confirmation of time sensitive material.

Proxy Systems

Our Proxy system (iProxyDirect) is a comprehensive technology platform that encompasses issuers, shareholders, banks, brokers and vital constituents during the proxy process. iProxy is the only voting platform where corporate issuers and mutual funds/administrators can setup, manage, communicate and monitor the entire proxy process from one online system. iProxy offers Notice & Access options, material on demand fulfillment, digital delivery, and secure document hosting and real-time voting.

News Wire Distribution

Our custom News wire distribution services meet all Securities and Exchange Commission (SEC) disclosure requirements by distributing news to thousands of online sites, financial desktops, newspapers, reporters and wire services, through our strategic news dissemination partner. Releases are also archived and accessible through such popular services as Lexis-Nexis, Dow Jones News Retrieval, Factiva and e-Notify.

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e-Notify is our proprietary digital on demand system that can be added to any news wire service. Corporate issuers can choose from both an e-distribution and Print-on-Demand e-Notify campaign via our online portal technologies; at the same time a press release or earning release is created. We are the only regulatory business services company offering this today. Version two is due out late first quarter that will include several additional options such as corporate compliance widgets and content delivery systems we are calling MarketOpen.

Our Strategy

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

Marketing and Sales

During the fourth quarter of 2009, we made changes to our sales and marketing approach in the market. We believe certain product service add-ons can be maintained and fostered by a newly created team we call our Issuer Services Group – which are dedicated to directly maintaining the client relationship while seeking to expand offerings and identify opportunities.

In early 2010, we intend on launching a direct marketing campaign focused on specific services such as transfer agent services, self-filing regulatory technologies and news distribution wire services. We will combine trade publication and other media marketing efforts such as trade shows, seminars and partner programs with our direct campaigns.

These marketing strategies will be dedicated to building brand identity around Direct Transfer (our transfer agency), iFund Direct (our mutual fund regulatory portal fulfillment system) and iProxy Direct (our proprietary proxy voting platform). These leading solutions depend upon our proprietary technologies and software that generally derives higher than average gross margins and over the long term will make up a good portion of revenue from each and every corporate issuer and fund we serve.

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

During 2009, we released our workflow solutions and portal technologies to corporate issuers and mutual funds markets. Authorized users of a corporate issuer or mutual fund/administrator can do the following with our workflow portal:

- Create, Monitor and Approve regulatory filings
- File LIVE ownership documents and other popular EDGAR forms.
- Monitor Proxy/Annual Meeting votes in real-time
- Upload a Press Release and distribute it to the news wires directly.
- 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

Our business will require us to continue to make investments in equipment, technology and facilities, as we mature our business from a service-oriented only business to more of a blended technology enabling 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.

Competition

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

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

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Customers

Our customers include a wide variety of issuers, law firms, mutual funds, individuals, and other institutions. As of December 31, 2009, our customer base primarily consisted of corporate issuers, mutual funds/administrators and law firms. During the year ended December 31, 2009, we generated revenues from one client that were 28.6% of total revenue.

Cyclical, Seasonal and Other Factors Affecting our Business

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

Employees

As of December 31, 2009, we employed 14 full-time and two part-time employees as compared to 12 employees at December 31, 2008, none of which are represented by a union. As of the date herein, our employees work between our corporate office in North Carolina and our Florida operations.

Facilities

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

Insurance

We maintain a general business liability policy and an errors and omissions policy in excess of \$10,000,000 specific to our industry and operations. We believe that our insurance policy provides adequate coverage for all reasonable risks associated with operating our business.

Regulations

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

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

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

On July 26, 2007, the SEC adopted rule amendments that require public companies and soliciting persons to furnish proxy materials to stockholders by posting them on an Internet website other than the SEC's EDGAR website (the "Universal Rule"). Accelerated Issuers are required to comply with the Universal Rule for solicitations effective as of January 1, 2008. All other issuers and soliciting persons will now have to comply with the rule amendments effective as of January 1, 2009. We adopted the voluntary accelerated requirements in 2008 and made available our proxy and annual report information online digitally and in print simultaneously for all of our shareholders of record.

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

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

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

All Other Large Accelerated Filers Using U.S. GAAP:

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

All Remaining Filers Using U.S. GAAP:

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

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

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

As reporting requirements continue to change, we are positioning ourselves at the forefront of emerging technologies that we feel will impact our issuers the greatest.

Although the majority of our issuers are not required to file their financial statements in xBRL for twelve months and beyond, we currently have the capacity and technology to successfully file all required financial statements in interactive data format. In fact our predecessor "My EDGAR" was one of the participants in the Securities and Exchange Commission xBRL round table discussion.

Additionally, as of December 31, 2009 we have filed with the Securities and Exchange Commission both our periods ended June 30, 2009 and September 30, 2009 quarterly data in xBRL format as well as this annual report for the period ended December 31, 2009.

ITEM 1A. RISK FACTORS.

Forward-Looking and Cautionary Statements

Investing in our common stock involves a high degree of risk. Prospective investors should carefully consider the following risks and uncertainties and all other information contained or referred to in this Annual Report on Form 10-K before investing in our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our Common stock could decline, and you could lose all of your investment.

Risks related to our business

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

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

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

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

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

These competitive pressures could reduce our revenue and earnings.

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

During 2009 the majority of our revenues in our financial communications segment were derived from individual projects rather than long-term service agreements. Therefore, we cannot assure you that a client will engage us for further services once a project is completed or that a client will not unilaterally reduce the scope of, or terminate, existing projects. The absence of long-term service agreements makes it difficult to predict our future revenue. As a result, our financial results may fluctuate from quarter to quarter based on the timing and scope of the engagement with our clients which could, in turn, lead to adverse movements in the price of our common stock or increased volatility in our stock price generally.

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

Our ability to grow and our future success will depend to a significant extent on the continued contributions of our key executives, managers and employees. In addition, many of our individual technical and sales personnel have extensive experience in our business operations and/or have valuable client relationships that would be difficult to replace. Their departure, if unexpected and unplanned for, could cause a disruption to our business. Our 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.

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

Our business is subject to risks associated with the costs 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 2010 will be to monitor trends in the market and make purchases ahead on such raw materials as paper in quantities greater than our traditional just in time needs. By doing this, 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 businesses that we acquire.

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

- 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.

We have a history of losses prior to 2009.

We incurred net losses and experienced negative cash flow for each quarter from inception through December 31, 2008, Fiscal 2009 was the first year since inception we have generated positive cash flows. As of December 31, 2009, we have an accumulated deficit of \$1,200,573. We expect to continue to generate positive cash flow during 2010 and further decrease our accumulated deficit. However should we acquire new businesses through acquisition there can be no assurances we achieve similar positive cash flows, even if we do, we may not be able to sustain.

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

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

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

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

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

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

Risks Related to Our common stock; Liquidity Risks

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

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

- 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 the shares is suitable only for investors who can bear a loss of their entire investment. We have no intention to pay dividends on our common stock. For the near-term, we intend to retain any remaining future earnings, if any, to finance our operations and do not anticipate paying any cash dividends with respect to our common stock.

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

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

Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain rules adopted by the SEC. Penny stocks generally are equity securities with a price of less than \$5.00, subject to exceptions. The rules require that a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in connection with the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the rules generally require that prior to a transaction in a penny stock the broker-dealer must make a special written

determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the liquidity of penny stocks. Our common stock is subject to the penny stock rules, and investors acquiring shares of our common stock may find it difficult to sell their shares of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTY.

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

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ITEM 3. LEGAL PROCEEDINGS.

From time to time, the Company may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of business.

We are not currently involved in any legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations.

From time to time, the Company's customers file voluntary petitions for reorganization under United States bankruptcy laws. In the event certain pre-petition (pre-paid) payments are received by the Company, they could be considered preference items and subject to return. Management believes that the final resolution of these preference items will not have a material adverse effect on the Company's consolidated annual results of operations, financial position or cash flows.

ITEM 4. (REMOVED AND RESERVED)

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PART II

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

Market for Common stock

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

	High	Low
Fiscal 2008		
Quarter Ended March 31, 2008	\$1.24	\$0.35
Quarter Ended June 30, 2008	0.89	0.20
Quarter Ended September 30, 2008	0.52	0.03
Quarter Ended December 31, 2008	0.08	0.01
Fiscal 2009		
Quarter Ended March 31, 2009	\$0.03	\$0.01
Quarter Ended June 30, 2009	0.11	0.01
Quarter Ended September 30, 2009	0.35	0.07
Quarter Ended December 31, 2009	0.28	0.13

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

Our common stock trades on the OTC Bulletin Board under the symbol ISDR. Until March 20, 2008, our common stock was traded on the Pink sheets under the same symbol. Historically, our common stock was classified as a penny stock. Based on the trading prices during 2009, our common stock was considered a penny stock for purposes of federal securities laws.

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

Holders of Record

As of December 31, 2009, there were approximately 730 holders of record of our common stock and 16,826,342 shares outstanding. There is one holder of preferred shares and as of December 31, 2009 there were 5 shares outstanding.

Dividends

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

ITEM 6. SELECT FINANCIAL DATA.

Summary of Operations for the periods ended December 31, 2009 and 2008.

	Year Ended December 31,	
	2009	2008
Statement of Operations		
Revenue	\$1,885,232	\$1,425,331
Cost of revenues	786,633	745,175
Gross profit	1,098,599	680,156
Operating costs	823,737	1,678,632
Operating income (loss)	274,862	(998,476)
Interest expense	(688)	(8,886)
Other income	-	44,319
Income (Loss) from operations	\$274,174	\$(963,043)

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Concentrations:

For the years ended December 31, 2009 and December 31, 2008, we generated revenues from the following revenue streams as a percentage of total revenue:

	2009		2008	
Revenue Streams				
Compliance and reporting services	37.8	%	47.6	%
Printing and financial communication	20.2	%	31.8	%
Fulfillment and distribution	23.6	%	16.6	%
Software licensing	4.8	%	3.5	%
Transfer agent services	13.6	%	0.5	%
Total	100.0	%	100.0	%

Percentages:

Change expressed as a percentage increase or decrease for the years ended December 31, 2009 and December 31, 2009:

	Year ended December 31,			
	2009	2008	% change	
Revenue Streams				
Compliance and reporting services	\$713,510	\$677,852	5.3	%
Print and financial communications	381,347	453,928	(16.0)	%)
Fulfillment and distribution	444,920	236,066	88.5	%
Software licensing	90,249	50,260	79.6	%
Transfer agent services	255,206	7,225	3,432.3	%
Total	\$1,885,232	\$1,425,331	32.3	%

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

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Except for the historical information contained herein, the matters discussed in this Form 10-K include certain forward-looking statements that involve risks and uncertainties, which are intended to be covered by safe harbors. Those statements include, but are not limited to, all statements regarding our and management's intent, belief and expectations, such as statements concerning our future and our operating and growth strategy. We generally use words such as "believe," "may," "could," "will," "intend," "expect," "anticipate," "plan," and similar expressions to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons including

our ability to implement our business plan, our ability to raise additional funds and manage our substantial debts, consumer acceptance of our products, our ability to broaden our customer base, our ability to maintain a satisfactory relationship with our suppliers and other risks described in our reports filed with the Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made, and our future results, levels of activity, performance or achievements may not meet these expectations. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, the factors set forth under the Risk Factors section of this report. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. All forward-looking statements made in this Form 10-K is based on information presently available to our management. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law.

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2009 Overview

The Company's results from continuing operations improved in 2009 as compared to 2008. For the year ended December 31, 2009, revenue increased 32% to \$1,885,232 from \$1,425,331 in 2008. The largest increase in our revenues for fiscal 2009 as compared to fiscal 2008 was from our transfer agent business which we began in 2008. Although we achieved an increase in our overall revenues, we saw a decrease in our printing and financial communication business. This is a direct result of the decreased capital market transactions and new notice and access regulations causing corporate issuers to print fewer materials.

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

History of our operations

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

In July 2007, we acquired Bassett Press, Inc., ("Bassett") for \$107,000 in cash obligations and 300,000 shares of our common stock.

Results of Operations

Revenue in fiscal 2009 increased 32% to \$1,885,232 compared to \$1,425,331 in fiscal 2008. The increase of \$459,901 was due primarily to an increase in transfer agent services of \$247,981, and an increase in fulfillment and distribution services of \$208,854. Our transfer agent business was new in 2008, and therefore 2008 revenue was minimal. The results for the fiscal 2009 include a full year of transfer agent services. The increase in fulfillment and distribution revenue was primarily due to the increase in shareholder communications such as news wire services, shareholder distribution and communication. Over the next two years, we hope to continue to increase revenue in all five business lines through internal growth. We will continue to evaluate strategic partnerships and acquisitions as opportunities arise. We believe that our xBRL services will be a differential factor that will help drive our growth.

Comparison of results of business streams for the three years ended December 31, 2009, 2008 and 2007

	Year ended December 31,		
	2009	2008	2007
Compliance and reporting services	713,510	677,852	451,355
Print and financial communications	381,347	453,928	140,712
Fulfillment and distribution	444,920	236,066	28,793
Software licensing	90,249	50,260	19,290
Transfer agent services	255,206	7,225	—

2009 Revenue Backlog

During the fourth quarter of 2009, we experienced several transactions that were delayed due to factors unattributed to our ability to deliver. Such delays were attributed to a higher than average amount of transactions from corporate issuers that caused the Securities and Exchange Commission to comment on a greater amount of preliminary or special proxy statements, and as a result we had a significant amount of revenue that was not recognized before the

end of fiscal 2009. As of the time of this report we have begun to recognize revenues on a few projects and expect a good portion to occur by the end of the first quarter 2010. Additionally, we carried as part of this backlog; software licensing revenues that were delayed in late 2009 and as of the time of this report have been recognized as January revenues.

We estimate that this revenue backlog is approximately \$200,000 and is made up of software licensing and proxy engagements that include both services and printed materials. There can be no assurances that the Company will be able to recognize these revenues within a specified period; however as of the date of this report we have already been able to invoice and deliver approximately \$75,000.

Cost of Services

Cost of services in fiscal 2009 increased by 6% to \$786,633 compared to \$745,175 in fiscal 2008. However, our overall gross margin increased 10% for fiscal 2009 to an average 58% or \$1,098,599 compared to 48% or \$680,156 for fiscal 2008. The increase in gross margin percentage is a result of our strategic expansion of our transfer agent business. Furthermore, in fiscal 2009, personnel cost included in cost of services was 11% of revenue, compared to 20% in fiscal 2008. The decrease in personnel cost included in cost of services as a percent of revenue is primarily due to our technology advancements and workflow systems utilized by both our clients and our staff.

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Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries, sales commissions, sales consultants, advertising expenses, and marketing. Sales and marketing expenses for the year ended December 31, 2009 decreased approximately \$39,311, or 14%, to \$247,887, from \$287,198 for the year ended December 31, 2008. The decrease is primarily due to \$37,500 of stock-based expenses incurred in 2008 compared to zero in 2009.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, insurance, fees for professional services, general corporate expenses and facility and equipment expenses. General and administrative expenses for the year ended December 31, 2009 decreased \$688,639, or 56%, to \$537,604 from \$1,226,243 for the year ended December 31, 2008. In fiscal 2008, we incurred additional professional and consulting fees as we sought and evaluated various growth strategies. Approximately \$600,000 of the fiscal 2008 expense was paid through the issuance of our common stock to employees and consultants in lieu of cash compensation and fees.

Depreciation, Amortization, and Impairment Charges

Depreciation and amortization increased from \$35,191 to \$38,246 during fiscal 2009. Additionally, we recorded an impairment charge of \$130,000 during 2008, which is the amount of goodwill that we recorded as a result of the acquisition of Edgarization, LLC in March 2007. To determine the amount of impairment, management weighed specific business factors at that time such as:

- General market conditions and lack of financing/liquidity/interest in the industry,
- Customers' inability to pay for services timely,

Other Income (Expense), Net

Other income and expense is comprised of interest expense we incurred on our various notes payable and income we recorded as the result of one-time negotiations and settlements with various parties, and vary in each fiscal period according to the specific issues addressed in the period. Included in fiscal 2008 other income is a \$16,902 gain that we recognized pursuant to a settlement agreement with Edgarization LLC. The settlement agreement, dated January 28, 2009, provided for a payment of \$35,000 in settlement of the remaining principal balance of the note payable that we issued pursuant to the acquisition of Edgarization in March 2007, and which resulted in the \$16,902 gain, the effects of which we recorded in our financial statements for the year ending December 31, 2008 as negotiations were ongoing as of year end. During fiscal 2008, we recognized other income totaling \$27,417 which was principally comprised of an adjustment to an unsecured note payable we issued in connection with the acquisition of Basset Press after we resolved a dispute regarding the amount due with the note holder.

Income Taxes

Federal income tax expense(benefit) for fiscal year 2009 and 2008 was zero. As a result of the uncertainty that sufficient future taxable income can be recognized to realize additional deferred tax assets, no income tax benefit for the years ended December 31, 2009 and 2008 was recorded.

Net Income (Loss)

We recorded net income of \$274,174 in fiscal 2009 compared to a net loss of \$963,043 in fiscal 2008. The loss in fiscal 2008 was principally due to expenses we incurred as we explored various acquisition and growth strategies, and

was funded through the issuance of common stock.

Liquidity and Capital Resources

We generated \$186,601 cash from our operating activities during fiscal 2009 as compared to \$11,452 cash in fiscal 2008. In fiscal 2009, we purchased equipment totaling \$16,014 compared to \$10,341 in 2008. Additionally we paid \$64,828 toward our notes payable in 2009, compared to \$40,062 in 2008, and during 2009, paid \$10,083 for the repurchase of common stock. Also we did not raise any cash through the sale of equities in 2009 as compared to \$50,000 in 2008.

As of December 31, 2009, we had \$146,043 in cash and cash equivalents and \$152,069 net accounts receivable. Current liabilities as of December 31, 2009, totaled \$185,050, including accrued payroll liabilities, accounts and notes payable, and accrued expenses. At December 31, 2009, our total assets exceeded our total liabilities by \$279,955 and we had working capital of \$138,505.

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

Disclosure about Off-Balance Sheet Arrangements

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

Outlook

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

Our vision is to be a market leader of unified regulatory solutions for compliance professionals, by providing a true single sourced model for issuers and the capital markets.

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

Our strategy is focused on maximizing long-term shareholder value by driving profitable growth, continuing our focus on productivity, and acquiring and integrating complementary businesses.

	2010	* 2009	Year ended December 31, 2008	2007
Compliance and reporting services	\$825,000	\$713,510	\$677,852	\$451,355
Print and financial communications	400,000	381,347	453,928	140,712
Fulfillment and distribution	575,000	444,920	236,066	28,793
Software licensing	200,000	90,249	50,260	19,290
Transfer agent services	550,000	255,206	7,225	—

* Revenue estimates are based on current organic revenue streams only, subject to adjustments based on market conditions and acceptance of our technologies in the marketplace. Refer also to the Cautionary Statement Concerning Forward Looking Statements included in this report.

Plan of Operation

The following plan of operations provides information which our management believes is relevant to an assessment and understanding of our business, operations and financial condition. The discussion should be read in conjunction with the financial statements as of and for the periods ended December 31, 2009 and 2008, and the notes thereto which are included in this Annual Report. This plan of operation contains forward-looking statements that involve risks, uncertainties and assumptions.

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

In fiscal 2010, we will focus on expanding our existing customer relationships as well as acquiring new customers. We expect our revenues in 2010 to increase at a similar percentage as that of fiscal 2009 compared to 2008. Overall, we expect the increases will be in contract services such as transfer agency services, news wire services and software licensing. We believe that our unique offerings yield a competitive advantage in the marketplace even though we operate in a competitive sector. We anticipate further consolidation in the marketplace of financial printers and suppliers in 2010, which may result in pricing pressures; however, we believe our unique business segments will provide us the opportunity to increase our overall market.

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Technological advancements - such as the electronic distribution of documents, online distribution and notice and access programs, as well as print-on-demand technology will continue to impact the markets we serve in 2010 and beyond. We believe these new regulatory rules for notice and access will decrease the amount of printed materials we will deliver in 2010 but provide an opportunity for our proxy systems and technology notice and access system to materialize. To address these longer term industry concerns we have spent considerable amounts of time in specific segments of our business, building brands around Notice and Access, through our iProxy Direct systems, coupled with our partnership with GlobalMail.

Critical Accounting Policies and Estimates

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

We derive revenues from five primary sources: Document Conversion Services, Print and Financial Communication, Fulfillment and Distribution, Software Licensing and Transfer Agent Services. We recognize revenue when services are rendered or delivered to customers either at time of delivery or completion, where collectability is probable. In the event we receive amounts in advance, the revenue is allocated as deferred revenues until the services are performed and the revenue is earned.

Allowance for Doubtful Accounts

We provide an allowance for doubtful accounts, which is based upon a review of outstanding receivables as well as historical collection information. Credit is granted to most customers on an unsecured basis. In determining the amount of the allowance, management is required to make certain estimates and assumptions. As of December 31, 2009 and 2008, we had recorded an allowance for doubtful accounts of \$16,785 and \$43,764, respectively.

Use of Estimates

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

Impairment of Long-Lived Assets

In accordance with FASB ASC No. 360 – Property Plant and Equipment (formerly SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”), long-lived assets, such as property and equipment and intangible assets are not subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held

and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of an asset group exceeds fair value of the asset group.

Recently Issued Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (“SFAS 168” or ASC 105-10). SFAS 168 (ASC 105-10) establishes the Codification as the sole source of authoritative accounting principles recognized by the FASB to be applied by all nongovernmental entities in the preparation of financial statements in conformity with GAAP. SFAS 168 (ASC 105-10) was prospectively effective for financial statements issued for fiscal years ending on or after September 15, 2009, and interim periods within those fiscal years. The adoption of SFAS 168 (ASC 105-10) on July 1, 2009 did not impact the Company’s results of operations or financial condition. The Codification did not change GAAP; however, it did change the way GAAP is organized and presented. As a result, these changes impact how companies reference GAAP in their financial statements and in their significant accounting policies.

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In August 2009, the FASB issued ASU 2009-05 (ASC 820-10) to provide clarification on measuring liabilities at fair value when a quoted price in an active market is not available. In particular, ASU 2009-05 specifies that a valuation technique should be applied that uses either the quote of the liability when traded as an asset, the quoted prices for similar liabilities when traded as assets, or another valuation technique consistent with existing fair value measurement guidance. ASU 2009-05 (ASC 820-10) is prospectively effective for financial statements issued for interim or annual periods ending after October 1, 2009. The Company adoption of ASU 2009-05 (ASC 820-10) did not have a material impact on the Company's consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not believe that we face material market risk with respect to our cash, cash equivalents and restricted cash investments, which totaled \$146,043 and \$50,367 at December 31, 2009 and 2008, respectively. We held no marketable securities as of December 31, 2009, or 2008.

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, 2009 and 2008, and the related statements of operations, stockholders' equity/deficit and cash flows for the two years ended December 31, 2009, and 2008, together with the independent registered public accountants' report thereon appear beginning on Page F-1.

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

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

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

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

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

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

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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 temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were effective as of December 31, 2009 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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations ("COSO"). Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2009.

There were no changes in our internal controls that could materially affect the disclosure controls and procedures subsequent to the date of their evaluation, nor were there any material deficiencies or material weaknesses in our internal controls. As a result, no corrective actions were required or undertaken.

ITEM 9B. OTHER INFORMATION.

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Directors and executive officers

At December 31, 2009, the names, ages, positions and terms of office of all of the Company's directors and executive officers and all persons nominated or chosen to become such were:

Name	Age	Position
Brian R. Balbirnie	38	Chairman of the Board, Chief Executive Officer
Wesley Pollard	39	Chief Financial Officer
Edward P. Gistaro	73	Director
Chauncey E. Schmidt	75	Director

Brian R. Balbirnie – Chairman, Chief Executive Officer

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

Wesley Pollard – Chief Financial Officer

Prior to joining the Company, Mr. Pollard was employed by Digital Lifestyle Outfitters (“DLO”) from July 2006 through May 2009. DLO was acquired by Philips Electronics in mid 2007; Mr. Pollard served as Vice President of Finance prior to the acquisition, and Head of Finance following the acquisition. Prior to DLO, Mr. Pollard served as International Controller for Tekelec, Inc. from June 2005 to June 2006 and Director of Finance for BioStratum, Inc from June 2001 through June 2005. Mr. Pollard also assisted Home Director from June 2000 to June 2001 as the Corporate Controller. From December 1999 to June 2009, Mr. Pollard served as the Director of SEC and Financial reporting for BuildNet, Inc. Mr. Pollard also spent five years at PricewaterhouseCoopers, LLP. Mr. Pollard is a Certified Public Accountant and holds his Master of Accounting from the University of North Carolina.

Edward P. Gistaro – Director

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

serving as Chairman of the Board of Directors for Docucon Incorporated, Mr. Gistaro also serves as a director on the boards of Analytical Surveys, Inc., since 2004 and InSite Services since 2006.

Chauncey E. Schmidt – Director

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

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James M. Learish – Former President and Director

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

Lori Jones – Former Chief Financial Officer

Lori Jones was appointed Chief Financial Officer in June 2008 and served until a successor was named on December 10, 2009. She served as Chief Executive Officer and Chief Financial Officer of Analytical Surveys, Inc. (“ASI”) from December 2004 and January 2003, respectively, through March 2008, when ASI acquired Axion International Inc. From March 2001 to January 2003, Ms. Jones was a partner with Tatum CFO Partners LLP, a financial consulting company. From May 2000 to March 2001, Ms. Jones served as the Chief Financial Officer of Worldmerc Incorporated. From January 1999 to May 2000, Ms. Jones was the Chief Financial Officer of Billserv Inc., an electronic billing presentation and payment service company. Ms. Jones is a C.P.A. and holds a M.B.A. from the University of Texas at San Antonio.

Election of Directors and Officers

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

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

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth certain information regarding compensation paid for all services rendered to us in all capacities during fiscal years 2006, 2007, 2008 and 2009 by our principal executive officer, principal financial officer and our two other former executive officers (collectively, the “Named Executive Officers”).

Summary Compensation Table

Name and Principal Position	Years ended Dec 31	Annual Compensation			Long-Term Compensation		
		Salary	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Awards (\$)	Securities Underlying Options/SARs Payouts	All Other Compensation (\$)
Brian R. Balbirnie	2009	\$ 99,500	—	—	—	—	—

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Chairman, Chief Executive Officer	2008	\$ 56,700							
	2007	\$ 27,000	—	68,750	—	—	—	—	—
	2006	\$ 67,500 ¹	—	—	—	—	—	—	—
Wesley Pollard Chief Financial Officer	2009		—	—	—	—	—	—	—
James M. Learish Former President	2008	\$ 56,500	—	56,250	—	—	—	—	—
	2007	\$ 15,000	—	—	—	—	—	—	—
	2006	\$ 67,500 ²	—	—	—	—	—	—	—
Lori Jones Former Chief Financial Officer	2009	39,100	—	—	—	—	—	—	—
	2008	18,000	—	29,000	—	—	—	—	—

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

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

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Compensation of Directors

During the years ending December 31, 2009 and 2008, we did not pay cash or equity compensation to our non-employee directors. At December 31, 2009 and 2008, there were no arrangements, “standard” or otherwise, pursuant to which any director of the Company was compensated for any service he or she provided as a director, including, without limitation, any additional amounts payable to any director for committee participation or special assignments. During fiscal year ended December 31, 2009 and 2008, there were no arrangements, including, without limitation, consulting contracts, pursuant to which any director of the Company was compensated for any service he or she provided as a director, and/or otherwise entered into in consideration of any director’s service on the Company’s Board of Directors.

Outstanding Equity Awards at Fiscal Year End - None.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information regarding the beneficial ownership of our common stock as of February 28, 2010 by: (i) each person who, to our knowledge, beneficially owns more than 5% of our common stock; (ii) each of our directors and “named executive officers”; and (iii) all of our executive officers and directors as a group:

Name of Beneficial Owner	Number of Shares	Percent of Class(1)
Directors and Named Executive Officers		
Brian R. Balbirnie — Chief Executive Officer	5,996,000 (2)	36.63 %
Wesley Pollard — Chief Financial Officer	—	—
Edward Gistaro — Director	136,139	0.81 %
Chauncey Schmidt — Director	122,334	0.73 %
Lori Jones — Former Chief Financial Officer	332,000	1.97 %
All Directors and Executive Officers as a group (5 persons)	6,586,473	40.14 %
Other 5% Stockholders		
James Michael	2,805,000	16.67 %

1 As of February 22, 2010, we had 16,826,342 shares of common stock outstanding. Unless otherwise indicated in these footnotes, each stockholder has sole voting and investment power with respect to the shares beneficially owned. All share amounts reflect beneficial ownership determined pursuant to Rule 13d-3 under the Exchange Act. All information with respect to beneficial ownership has been furnished by the respective director, executive officer or stockholder, as the case may be.

2 As of December 31, 2009 Mr. Balbirnie held shares both in certificate and beneficial name; of which 5,945,000 common shares were held as affiliate control certificate and 51,000 common shares held in beneficial street position.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

In February 2009, our former President sold 2,250,000 shares from his beneficial holdings in a private transaction for \$6,750 to the Company. The shares were retired, and we reduced paid-in capital by \$4,500; and in January 22, 2010 Mr. Learish sold his remaining 425,000 shares in a private transaction to a current shareholder.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) Audit Fees.

Audit fees billed by GBH, CPAs, PC (“GBH”) for the audit of our annual financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, and for the review of the financial statements included in our Quarterly Reports on Form 10-Q for the periods ended March 31, 2009, June 30, 2009 and September 30, 2009 filed with the SEC for last year totaled \$30,000. Audit fees billed by GBH for the year ended December 31, 2008 were also \$30,000.

(b) Audit-Related Fees.

None

(c) Tax Fees.

None

(d) All Other Fees.

None

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PART IV
ITEM 15. EXHIBITS.

(a) Financial Statements

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

(b) Exhibits

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

* Filed herewith

(c) Financial Statement Schedules omitted

None.

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SIGNATURES

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

ISSUER DIRECT CORPORATION

Date: March 16, 2010

By:

/s/ Brian R. Balbirnie
Brian R. Balbirnie
Chairman of the Board of Directors, and
Chief Executive Officer

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

Signature	Date	Title
/s/ Brian R. Balbirnie Brian R. Balbirnie	March 16, 2010	Chief Executive Officer and Chairman of the Board of Directors and Director (principal executive officer)
/s/ Wesley Pollard Wesley Pollard	March 16, 2010	Chief Financial Officer (principal financial officer)
/s/ Edward P. Gistaro Edward P. Gistaro	March 16, 2010	Director
/s/ Chauncey Schmidt Chauncey Schmidt	March 16, 2010	Director

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Issuer Direct Corporation
Cary, North Carolina

We have audited the accompanying consolidated balance sheets of Issuer Direct Corporation as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Issuer Direct Corporation as of December 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/s/GBH CPAs, PC

www.gbhcpas.com
Houston, Texas

March 16, 2010

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ISSUER DIRECT CORPORATION
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2009 AND 2008

	December 31,	
	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 146,043	\$ 50,367
Accounts receivable (net of allowance for doubtful accounts of \$16,785 and \$43,764, respectively)	152,069	165,681
Security deposits	6,242	6,242
Other current assets	19,201	2,855
Total current assets	323,555	225,145
Furniture, equipment and improvements (net of accumulated depreciation of \$18,316 and \$43,201, respectively)	21,087	15,987
Other long-term assets	-	2,000
Intangible assets (net of accumulated amortization and impairment of \$67,833 and \$170,000, respectively)	120,363	147,695
Total assets	\$ 465,005	\$ 390,827
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable - Trade	\$ 51,715	\$ 143,560
Accrued expenses	59,810	128,050
Note payable – related party	73,525	73,525
Notes payable – other	-	64,828
Total liabilities	185,050	409,963
Stockholders' equity (deficit):		
Preferred stock, \$1.00 par value, 10,000,000 shares authorized Series A, 60 shares designated, 5 and 7 shares issued and outstanding, respectively	5	7
Series B, 476,200 shares designated; no shares issued and outstanding	-	-
Common stock \$0.001 par value, 100,000,000 shares authorized, 16,826,342 and 18,834,717 shares issued and 16,826,342 and 18,830,222 shares outstanding , respectively	16,826	18,834
Additional paid-in capital	1,463,697	1,441,006
Treasury stock, at cost, 4,495 shares at December 31, 2008	-	(4,236)
Accumulated deficit	(1,200,573)	(1,474,747)
Total stockholders' equity (deficit)	279,955	(19,136)
Total liabilities and stockholders' equity (deficit)	\$ 465,005	\$ 390,827

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

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ISSUER DIRECT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2009	2008
Revenues		
Document conversion	\$713,510	\$677,852
Printing and financial communication	381,347	453,928
Fulfillment and distribution	444,920	236,066
Software licensing	90,249	50,260
Transfer agent services	255,206	7,225
Total	1,885,232	1,425,331
Cost of services	786,633	745,175
Gross profit	1,098,599	680,156
Operating costs and expenses		
General and administrative	537,604	1,226,243
Sales and marketing expenses	247,887	287,198
Impairment charges	-	130,000
Depreciation and amortization	38,246	35,191
Total operating costs and expenses	823,737	1,678,632
Net operating income (loss)	274,862	(998,476)
Other income (expense):		
Interest expense	(688)	(8,886)
Gain on settlement of debt	-	16,902
Other income	-	27,417
Total other income (expense)	(688)	35,433
Net income (loss)	\$274,174	\$(963,043)
Loss per share – basic and diluted	\$0.02	\$(0.05)
Weighted average number of common shares outstanding – basic	17,014,713	17,834,100
Weighted average number of common shares outstanding – diluted	17,017,850	17,834,100

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

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ISSUER DIRECT CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
YEARS ENDED DECEMBER 31, 2009 AND 2008

	Preferred Stock		Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2007	7	7	16,235,723	16,235	(4,236)	654,455	(511,704)	154,757
Issuance of common stock for cash at \$0.50	—	—	100,000	100	—	49,900	—	50,000
Issuance of common stock for employee incentives	—	—	800,000	800	—	186,700	—	187,500
Issuance of common stock for settlement of accrued liabilities and for services	—	—	1,699,000	1,699	—	549,951	—	551,650
Adjustment to actual shares	—	—	(6)	—	—	—	—	—
Net loss	—	—	—	—	—	—	(963,043)	(963,043)
Balance at December 31, 2008	7	\$7	18,834,717	\$18,834	\$(4,236)	\$1,441,006	\$(1,474,747)	\$(19,136)
Repurchase and retirement of treasury shares	—	—	(2,273,804)	(2,273)	4,236	(12,046)	—	(10,083)
Issuance of common stock for employee incentives	—	—	150,000	150	—	24,850	—	25,000
Issuance of common stock for services	—	—	100,000	100	—	9,900	—	10,000
Redemption of preferred shares	(2)	(2)	20,000	20	—	(18)	—	—
Cancellation of shares	—	—	(4,571)	(5)	—	5	—	—
Net income	—	—	—	—	—	—	274,174	274,174
Balance at December 31, 2009	5	\$5	16,826,342	\$16,826	—	1,463,697	(1,200,573)	279,955

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

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ISSUER DIRECT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(AUDITED)

	Year ended December 31,	
	2009	2008
Cash flows from operating activities		
Net loss	\$274,174	\$(963,043)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	61,340	54,490
Depreciation and amortization	38,246	35,191
Impairment charges	—	130,000
Gain on settlement of debt	—	(16,902)
Stock-based expenses	10,000	668,150
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(47,728)	(95,217)
Decrease (increase) in deposits and prepaids	(14,347)	69
Increase (decrease) in accounts payable	(91,844)	88,855
Increase (decrease) in accrued expenses	(43,240)	109,859
Net cash used by operating activities	186,601	11,452
Cash flows from investing activities		
Purchase of equipment	(16,014)	(10,341)
Net cash used by investing activities	(16,014)	(10,341)
Cash flows from financing activities		
Repurchase of common stock	(10,083)	—
Proceeds from sale of common stock	—	50,000
Payments for notes payable	(64,828)	(40,062)
Net cash provided by financing activities	(74,911)	9,938
Net change in cash	95,676	11,049
Cash – beginning	50,367	39,318
Cash – ending	\$146,043	\$50,367
Supplemental disclosures:		
Cash paid for interest	\$1,192	\$3,994
Cash paid for income taxes	\$—	\$—
Non-cash investing and financing activities:		
Retirement of treasury shares	\$10,083	\$—
Cancellation of common shares	\$4,236	\$—
Issuance of common shares for redemption of preferred shares	\$20	\$—
Accrued expenses settled by issuance of common shares	\$25,000	\$71,000

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

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ISSUER DIRECT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Description, Background and Basis of Operations

Nature of Operations

Issuer Direct Corporation (the “Company” or “Issuer Direct”) was incorporated in the state of Delaware in October 1988 under the name Docucon Inc. Subsequent to the December 13, 2007 merger of My EDGAR, Inc., the Company changed its name to Issuer Direct Corporation. The transaction has been accounted for as a reverse merger. My EDGAR was the acquiring entity for accounting purposes. While the transaction was accounted for using the purchase method of accounting, in substance the transaction was a recapitalization of My EDGAR’s capital structure.

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

Note 2: Summary of Significant Accounting Policies

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

Cash and Cash Equivalents

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

Revenue Recognition

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

Property and Equipment

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

Asset Category	Depreciation / Amortization Period
----------------	---------------------------------------

Furniture, fixtures and equipment	3 to 5 years
Computer equipment and purchased software	3 years
Machinery and equipment	3 to 5 years

Earnings per Share

We comply with FASB ASC No. 260 – Earnings per Share (formerly Statement of Financial Accounting Standards (“SFAS”) No. 128, “Earnings per Share”) and SEC Staff Accounting Bulletin (“SAB”) No. 98, which require that basic net income/(loss) per common share be computed by dividing net income/(loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income/(loss) per share is computed by dividing the net income/(loss) for the period by the weighted average number of common and common equivalent shares, such as convertible preferred stock, outstanding during the period. Common shares of approximately 2,777 issuable upon the potential conversion of the Company’s Series A Convertible Preferred Stock were included in the computation of diluted earnings per common share for the year ended December 31, 2009.

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ISSUER DIRECT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. We recorded bad debt expense of \$61,340 and \$57,490 during the years ended December 31, 2009 and 2008, respectively.

Use of Estimates

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

Income Taxes

We comply with FASB ASC No. 740 – Income Taxes (formerly SFAS No. 109, “Accounting for Income Taxes”) which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized. 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.

Impairment of Long-lived Assets

In accordance with FASB ASC No. 360 – Property Plant and Equipment (formerly SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”), long-lived assets, such as property and equipment, and intangible assets not subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of an asset group exceeds fair value of the asset group.

Fair Value Measurements

As of December 31, 2009 and 2008, we do not have any financial assets or liabilities that are required to be, or that we elected to measure, at fair value.

We adopted the fair value provisions applicable to nonfinancial assets and nonfinancial liabilities in this first quarter of 2009. Our assets and liabilities that are subject to these provisions during 2009 include our intangible assets,

consisting of goodwill, domain names and software, and our long-lived assets. The adoption of the fair value provisions applicable to nonfinancial assets and liabilities did not have a significant impact on the determination or reporting of our financial results.

We believe that the fair value of our financial instruments, which consist of cash and cash equivalents, accounts receivable, accounts payable, and unsecured notes payable approximate their carrying amounts. The interest rates payable on our notes approximate market rates on similar borrowings at December 31, 2009.

Recent Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles ("SFAS 168" or ASC 105-10). SFAS 168 (ASC 105-10) establishes the Codification as the sole source of authoritative accounting principles recognized by the FASB to be applied by all nongovernmental entities in the preparation of financial statements in conformity with GAAP. SFAS 168 (ASC 105-10) was prospectively effective for financial statements issued for fiscal years ending on or after September 15, 2009, and interim periods within those fiscal years. The adoption of SFAS 168 (ASC 105-10) on July 1, 2009 did not impact the Company's results of operations or financial condition. The Codification did not change GAAP; however, it did change the way GAAP is organized and presented. As a result, these changes impact how companies reference GAAP in their financial statements and in their significant accounting policies.

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ISSUER DIRECT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In August 2009, the FASB issued ASU 2009-05 (ASC 820-10) to provide clarification on measuring liabilities at fair value when a quoted price in an active market is not available. In particular, ASU 2009-05 specifies that a valuation technique should be applied that uses either the quote of the liability when traded as an asset, the quoted prices for similar liabilities when traded as assets, or another valuation technique consistent with existing fair value measurement guidance. ASU 2009-05 (ASC 820-10) is prospectively effective for financial statements issued for interim or annual periods ending after October 1, 2009. The Company adoption of ASU 2009-05 (ASC 820-10) did not have a material impact on the Company's consolidated financial statements.

Note 3: Fixed Assets

	December 31,	
	2009	2008
Computers & equipment	\$35,442	\$35,004
Furniture	3,961	3,961
Software	-	20,223
Total fixed assets, gross	39,403	59,188
Less: Accumulated depreciation	(18,316)	(43,201)
Total fixed assets	\$21,087	\$15,987

Depreciation expense for the years ended December 31, 2009 and 2008 totaled \$10,913 and \$10,691, respectively.

Note 4: Goodwill and Other Intangible Assets

The components of goodwill and intangible assets are as follows:

	December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Domain name	\$ 40,000	\$ (32,000)	\$ 8,000
Customer lists	30,000	(15,000)	15,000
Customer relationships-noncontractual	25,000	(12,500)	12,500
Proprietary software	50,000	(8,333)	41,667
Goodwill	43,195	—	43,195
Total intangible assets	\$ 188,195	\$ (67,833)	\$ 120,362

	December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Domain name	\$ 40,000	\$ (24,000)	\$ 16,000
Customer lists	30,000	(9,000)	21,000
Customer relationships-noncontractual	25,000	(7,500)	17,500
Proprietary software	50,000	—	50,000

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Goodwill	43,195	—	43,195
Total intangible assets	\$ 188,195	\$ (40,500)	\$ 147,695

Goodwill

At December 31, 2009 and 2008, our recorded goodwill totaled \$43,195, which was solely related to our acquisition of Basset Press in July 2007. We conducted our 2008 annual impairment analysis during the third quarter of 2008 and determined that the total amount of goodwill recorded related to our 2007 acquisition of Edgarization, LLC was impaired. Accordingly, we recorded an impairment charge of \$130,000 during the year ended December 31, 2008, which also included an impairment of \$40,000 for intangible assets acquired from Edgarization LLC. In connection with the determination of the impairment, management weighed specific business factors at that time, such as:

- General market conditions and lack of financing/liquidity/interest in the industry,
- Customers' inability to pay for services timely,
- Note payable to Edgarization LLC was in default,
- Legal dispute against Edgarization LLC in regards to interference of business ongoing by the note holder

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ISSUER DIRECT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Based upon our evaluation of goodwill at December 31, 2009, no impairment was necessary.

Intangible Assets

In July 2007, as part of the Basset Press acquisition, we acquired \$105,000 of identifiable intangible assets including \$30,000 for customer lists, \$25,000 for non-contractual customer relationships, and \$50,000 for proprietary software or intellectual property. Customer lists and relationships are subject to amortization and have approximate estimated useful lives of five years. At the date of the acquisition and through the year ended December 31, 2008, we assigned an indefinite life to the proprietary software and included such software in our annual evaluation of impairment. During the first quarter of 2009, we reevaluated the useful life of the propriety software and have assigned a remaining estimated useful life of 6 years to such asset.

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

The amortization of intangible assets is a charge to operating expenses and totaled \$27,333, and \$24,500 in 2009 and 2008, respectively.

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

Years Ending December 31:	
2010	\$27,333
2011	18,333
2012	13,833
2013	8,333
Thereafter	-
Total	\$67,832

Note 5: Notes payable

As of December 31, 2008, we had two unsecured notes payable as follows:

	December 31, 2009	December 31, 2008
Unsecured Note Payable in connection with the asset purchase agreement in March 2007, with interest of 8%;	\$ —	35,000
Unsecured Note Payable in connection with the July 2, 2007 acquisition of Basset Press, with interest of 8%, due and payable monthly	—	29,828
	—	64,828
Less current portion	—	64,828
Total long-term notes payable	\$ —	—

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

In August 2009, we fully repaid the \$25,000 note payable issued in connection with the Bassett Press acquisition.

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ISSUER DIRECT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Notes payable – Related Party

As of December 31, 2009 and 2008, we had three unsecured related party notes payable outstanding, totaling \$73,525 as follows:

	December 31	
	2009	2008
Note Payable to our Chief Executive Officer in the amount of \$25,000 for various obligations the former company was party to, including former legal counsel, former transfer agent and tax obligations with the state of Delaware. The unsecured note carries interest in the amount of 8% per annum and was due on December 31, 2008. The note is in default at December 31, 2009, and as of the date of this filing, and the holder has the right to demand payment at any time. There are no penalties associated with the default.	\$ 23,525	\$ 23,525
Unsecured Note Payable to a Director of the Company in the amount of \$25,000, with interest of 8%, due on receipt by the Company or its designated escrow agent the placement agent funds of an aggregate of \$1,000,000 in gross proceeds of the private placement.	25,000	25,000
Unsecured Note Payable to a Director of the Company in the amount of \$25,000, with interest of 8%, due on receipt by the Company or its designated escrow agent the placement agent funds of an aggregate of \$1,000,000 in gross proceeds of the private placement.	25,000	25,000
Total notes payable- related party	\$ 73,525	\$ 73,525

Note 7: Preferred stock and common stock

As of December 31, 2009 and 2008, there were five and seven shares of Series A Convertible Preferred Stock (“Preferred Stock”) outstanding, respectively, each of which are convertible into 556 shares of our common stock. Although the Certificate of Designation of the rights, preferences and limitations of the Preferred Stock provides for dividends equal to eleven percent (11.0%) per year on the liquidation preference of \$25,000 per share, we have not declared or accrued such dividends. At December 31, 2009, cumulative undeclared dividends on the five shares of Preferred Stock then issued and outstanding were approximately \$210,000. These shares were issued by our predecessor company and the original documentation which would validate claims thereto is not available, and we are taking steps to retire the series. In April 2009, we issued 20,000 common shares to the holder of two preferred shares, for a value of \$100 each, in settlement of the stated value and any potential claims to accumulated dividends thereon. Additionally, under Delaware law, dividends are an obligation only when declared, and the Board has not declared any dividends payable on the Series A Preferred Stock.

The Certificate of Designation of the rights, preferences and limitations of the Company’s Series B Non-Convertible, Cumulative, Non-Voting, Redeemable Preferred Stock provides that the Company may issue up to 476,200 shares of Series B Non-Convertible, Cumulative, Non-Voting, Redeemable Preferred Stock, par value \$1.00 per share, which shall earn dividends at the rate of fifteen percent (15.0%) per year. Declaration and payment of dividends are at the sole discretion of the Company’s Board of Directors, and are not mandatory. The Certificate of Designation of the

rights, preferences and limitations of the Company's Series B Non-Convertible, Cumulative, Non-Voting, Redeemable Preferred Stock also provides that the Company may not pay dividends on its common stock until all accrued but unpaid dividends on such preferred stock have been paid. At December 31, 2009 and 2008, there were no issued and outstanding shares of such preferred stock.

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

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ISSUER DIRECT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During year ended December 31, 2009, changes in the shares of our common stock outstanding as follows:

	Year ended December 31, 2009	Year ended December 31, 2008
Balance at beginning of year	18,834,717	16,235,723
Repurchase and retirement of treasury shares (1)	(2,273,804)	-)
Issuance of common stock for services (2)	100,000	1,699,000
Equity Transactions (3)	-	100,000
Issuance of common stock for employee incentives (4)	150,000	800,000
Cancellation of shares	(4,571)	(6)
Redemption of preferred shares	20,000	-
Balance at end of year	16,826,342	18,834,717

1. Repurchase and retirement of treasury shares:

In February 2009, our former President, who remained on the Board of Directors until December 9, 2009, sold 2,250,000 shares from his beneficial holdings in a private transaction for \$6,750 to the Company. The shares were retired, and we reduced paid-in capital by \$4,500.

In October 2009, the Company repurchased 23,804 shares from a former beneficial shareholder for \$3,333.

2. Shares issued for services to consultants:

Year ending December 31, 2008

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

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

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

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

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

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

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ISSUER DIRECT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

On September 2, 2008, we issued 150,000 shares to a Consultant pursuant to an advisory services agreement as restricted securities as defined under Rule 144. The advisory services agreement engages the Consultant to serve as a member of the Company's advisory board and to render services to assist us with various aspects of financing, business operations, acquisition identification, and other advisory services. The fair market value of the shares totaled \$7,500, or \$0.05 per share, which represents the closing price on the date of the agreement.

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

Year ending December 31, 2009

We issued 100,000 shares of our common stock in July 2009 to a consultant in exchange for certain consulting services, with an estimated fair market value of \$10,000, which is equal to the closing price of our common stock on the date of the issuance.

3. Shares issued in connection with equity agreements.

Year ending December 31, 2008

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

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

There were no shares issued in connection with equity agreements during the year ending December 31, 2009.

4. Shares issued for compensation:

Year ending December 31, 2008

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

On June 30, 2008, we issued a total of 650,000 shares, or 275,000, 225,000, and 150,000 shares of our common stock to our CEO, President, and Director of Business Development, respectively, as bonus compensation in recognition of their service to the Company. The fair market value of the shares totaled \$162,500, or \$0.25 per share, which represents the closing price on the date the compensation was approved.

Year ending December 31, 2009

In February 2009, we issued 150,000 shares of our common stock in connection with an employment agreement with a former officer of Bassett Press. The fair market value of the shares totaled \$25,000, or \$0.17 per share, which represents the closing price on the date of the agreement. These shares were issued pursuant to the employment agreement and the amount payable was accrued at December 31, 2008.

In February 2009, our former President sold 2,250,000 shares from his beneficial holdings in a private transaction for \$6,750 to the Company. The shares were retired, and we reduced paid-in capital by \$4,500.

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ISSUER DIRECT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Note 8: Commitments and Contingencies

Office Lease

In May 2007, we signed a three-year lease for 5,700 square feet for our corporate headquarters, located at 201 Shannon Oaks Circle Suite 105 Cary, NC 27511. Rental expenses associated with the leased premise totaled \$78,189 and \$92,335 for the years ended December 31, 2009 and 2008. Required minimum lease payments for fiscal 2010 total \$60,000.

Note 9: Selected Quarterly Financial Data (unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended December 31, 2009				
Revenues	\$ 475,538	\$ 765,808	\$ 326,433	\$ 320,453
Cost of goods	214,001	271,041	145,491	156,100
Gross profit	258,537	494,767	180,942	164,353
Gross profit percentage	55 %	65%	55%	51%
Operating costs and expenses	165,921	225,850	191,982	239,590
Net income (loss)	91,345	268,852	(9,958)	(75,237)
Net income (loss) per share – fully diluted	\$ 0.01	\$ 0.02	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding basic – fully diluted	17,635,276	16,751,905	16,854,717	16,827,087

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended December 31, 2008				
Revenues	\$ 293,350	\$ 450,799	\$ 312,378	\$ 368,804
Cost of goods	137,721	284,195	161,853	161,406
Gross profit	155,628	166,604	150,525	207,399
Gross profit percentage	53%	37%	48%	56%
Operating costs and expenses	516,493	521,480	413,554	227,103
Net income (loss)	(388,541)	(332,826)	(267,609)	25,933
Net income (loss) per share – fully diluted	\$ (0.023)	\$ (0.019)	\$ (0.015)	\$ 0.001
Weighted average shares outstanding basic – fully diluted	16,887,877	17,243,658	18,346,282	18,834,723

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Note 10: Concentrations

For the years ended December 31, 2009 and December 31, 2008, we generated revenues from the following revenue streams as a percentage of total revenue:

	2009		2008	
Revenue Streams				
Document conversion	37.8	%	47.6	%
Printing and financial communication	20.2	%	31.8	%
Fulfillment and distribution	23.6	%	16.6	%
Software licensing	4.8	%	3.5	%
Transfer agent services	13.6	%	0.5	%
Total	100.0	%	100.0	%

During the years ended December 31, 2009 and 2008, revenue generated from one customer comprised 28.6% and 10.4%, respectively, of our total annual revenues. As of December 31, 2009, one customer comprised 17.8% of our total accounts receivable. As of December 31, 2008, two customers comprised 41.0% and 14.3% of our total accounts receivable.

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

Note 11: Income Taxes

At December 31, 2009 and 2008, we had a federal net operating loss carry forward of approximately \$10,526,081 and \$10,980,180, respectively. These loss carry forwards are available to reduce future taxable income and will expire through 2029 if not utilized. Due to the reverse merger and change in control in 2007, the Company's utilization of pre-merger net operating losses may be subject to limitations.

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

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

	2009		2008	
Current:				
Federal		—		—
State		—		—
Deferred:		—		—
		—		—

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

	2009	2008
Deferred tax assets:		
Net operating loss carryforward	\$3,684,000	\$3,815,000
Accrued liabilities	42,000	23,000
Intangibles and goodwill	18,000	39,000
Total deferred tax assets	3,744,000	3,877,000
Less: valuation allowance	(3,744,000)	(3,877,000)
Net deferred tax assets	\$—	\$—

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The valuation allowance for deferred tax assets as of December 31, 2009 and 2008 was \$3,744,000 and \$3,877,000, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. Due to the uncertainty around their ultimate realization, management elected to fully reserve the Company's deferred tax assets as of December 31, 2009 and 2008.

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

	2009		2008	
Federal statutory tax rate	35.0	%	(35.0)	%
Utilization of net operating loss carryforward	(35.0)	%	-	%
Permanent difference and valuation allowance	-	%	35.0	%
Effective tax rate	0.0	%	0.0	%

Note 12: Subsequent Events

The Company evaluated subsequent events through March 16, 2010, which is the date the financial statements were issued and there were no other significant events to report.

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