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

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**FORM 10-Q/A1**

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- Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934 for the Quarterly Period Ended March 31, 2008**
- Transition Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934 for the Transition Period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 333-142429**

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**INFORMATION SYSTEMS ASSOCIATES, INC.**

(Exact name of small business issuer as specified in its charter)

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**FLORIDA**

(State or other jurisdiction of  
incorporation or organization)

**65-0493217**

(IRS Employer Identification No.)

**2120 SW Danforth Circle, Palm City FL 34990**

(Address of principal executive offices)

**(772) 286-3682**

(Issuer's telephone number)

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

Yes

No

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the exchange act). Yes  No

Number of shares of common stock outstanding as of May 15, 2008: 11,409,834

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	..
Non-accelerated filer	.. (Do not check if a smaller reporting company)
Accelerated filer	..
Smaller reporting company	<input type="checkbox"/>

### **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION**

The discussion contained in this 10-Q under the Securities Exchange Act of 1934, as amended, contains forward-looking statements that involve risks and uncertainties. The issuer's actual results could differ significantly from those discussed herein. These include statements about our expectations, beliefs, intentions or strategies for the future, which we indicate by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "we believe," "the Company believes," "management believes" and similar language, including those set forth in the discussions under "Notes to Financial Statements" and "Management's Discussion and Analysis or Plan of Operation" as well as those discussed elsewhere in this Form 10-Q. We base our forward-looking statements on information currently available to us, and we assume no obligation to update them. Statements contained in this Form 10-Q that are not historical facts are forward-looking statements that are subject to the "safe harbor" created by the Private Securities Litigation Reform Act of 1995.

Explanatory Note: We are amending this Form 10-Q to include a comparative audited balance sheet at December 31, 2007 to comply with the 10-Q presentation rules. We inadvertently omitted this information in the prior submission

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**ITEM 1. FINANCIAL STATEMENTS**

**INFORMATION SYSTEMS ASSOCIATES, INC.**

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To the Board of Directors  
Information Systems Associates, Inc.  
2120 Danforth Circle  
Palm City, Florida 34990

I have compiled the accompanying balance sheet of Information Systems Associates, Inc. as of March 31, 2008, and the related statements of operations, stockholders' equity, and cash flows for the three months ended March 31, 2008 and 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

/s/ William L. DeBay, C.P.A.  
William L. DeBay, C.P.A.  
May 12, 2008

**INFORMATION SYSTEMS ASSOCIATES, INC.**  
**BALANCE SHEET**  
**MARCH 31, 2008**

*Unaudited*

<i>ASSETS</i>	Unaudited <u>31-Mar-08</u>	Audited <u>31-Dec-07</u>
<i>CURRENT ASSETS</i>		
Cash and cash equivalent	\$ 6,369	\$ 13,326
Accounts receivable	183,705	114,175
Prepaid consulting	0	1,798
Income tax claims receivable	637	637
Deferred income tax credit	36,129	37,154
Total current assets	<u>226,840</u>	<u>167,090</u>
<i>PROPERTY AND EQUIPMENT (net)</i>	111,773	139,360
	<u>\$ 338,613</u>	<u>\$ 306,450</u>
<i>LIABILITIES AND STOCKHOLDERS' EQUITY</i>		
<i>CURRENT LIABILITIES</i>		
Note payable - line of credit	\$ 35,835	\$ 9,030
Accounts payable	87,766	88,066
Accrued payroll taxes	4,459	2,476
Other liabilities	600	1,100
Total current liabilities	<u>128,660</u>	<u>100,672</u>
<i>STOCKHOLDERS' EQUITY</i>		
Common stock - \$.001 par value, 50,000,000 shares authorized, 11,403,834 shares issued and outstanding	11,404	11,404
Additional paid in capital	366,097	366,097
Retained earnings (deficit)	(167,548)	(171,723)
Total stockholders' equity	<u>209,953</u>	<u>205,778</u>
	<u>\$ 338,613</u>	<u>\$ 306,450</u>

*SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.*

**INFORMATION SYSTEMS ASSOCIATES, INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007**

*Unaudited*

	2008	2007
<b>EARNED REVENUES</b>	<u>\$ 256,265</u>	<u>\$56,218</u>
<b>OPERATING EXPENSES</b>		
Administrative and general	92,442	26,297
Payroll and payroll tax	35,623	14,341
Professional	121,202	35,005
Total operating expenses	<u>249,267</u>	<u>75,643</u>
<b>OPERATING INCOME (LOSS)</b>	6,998	(19,425)
<b>OTHER INCOME (EXPENSE)</b>		
Consulting - financing	(1,798)	(9,876)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX (CREDIT)</b>	5,200	(29,301)
<b>PROVISION FOR INCOME TAX (CREDIT)</b>	<u>1,025</u>	<u>(5,645)</u>
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>4,175</u>	<u>(23,656)</u>
<b>DISCONTINUED OPERATIONS</b>		
<b>INCOME (LOSS) FROM OPERATIONS OF DISCONTINUED BUSINESS BEFORE INCOME TAX (CREDIT)</b>	0	(9,631)
<b>PROVISION FOR INCOME TAX (CREDIT)</b>	<u>0</u>	<u>(1,855)</u>
<b>NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS</b>	<u>0</u>	<u>(7,776)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 4,175</u>	<u>(\$31,432)</u>
<b>BASICALLY AND FULLY DILUTED INCOME (LOSS) PER SHARE</b>		
CONTINUING OPERATIONS	\$ 0	(\$0)
DISCONTINUED OPERATIONS	\$ 0	(\$0)
TOTAL OPERATIONS	\$ 0	(\$0)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>	<u>11,403,834</u>	<u>11,403,834</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.





**INFORMATION SYSTEMS ASSOCIATES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007**

*Unaudited*

	2008	2007
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>		
Net income (loss)	\$ 4,175	(\$31,432)
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities		
Depreciation and amortization	11,992	481
Cumulative change in deferred income tax	1,025	(7,500)
(Increase) decrease in accounts receivable	(69,530)	13,272
(Increase) decrease in prepaid payroll taxes	0	(276)
(Increase) decrease in prepaid consulting	1,798	9,876
Increase (decrease) in accounts payable	(300)	15,898
Increase (decrease) in accrued payroll	0	(6,041)
Increase (decrease) in accrued payroll taxes	1,983	0
Increase (decrease) in other liabilities	(500)	0
Net cash provided (used) by operating activities	<u>(49,357)</u>	<u>(5,722)</u>
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>		
Computer software development costs	0	(30,174)
Software license agreement - payments received	27,083	0
Software license agreement - marketing costs	(9,020)	0
Purchase of property and equipment	(2,468)	0
Net cash provided (used) by investing activities	<u>15,595</u>	<u>(30,174)</u>
<b><i>CASH FLOWS FROM FINANCING ACTIVITIES</i></b>		
Proceeds from note payable - line of credit	28,805	0
Payments made on note payable - line of credit	(2,000)	0
Net cash provided (used) by financing activities	<u>26,805</u>	<u>0</u>
<b><i>NET INCREASE (DECREASE) IN CASH</i></b>	<b>(6,957)</b>	<b>(35,896)</b>
<b><i>CASH, BEGINNING OF PERIOD</i></b>	<b>13,326</b>	<b>178,775</b>
<b><i>CASH, END OF PERIOD</i></b>	<b>\$ <u>6,369</u></b>	<b>\$ <u>142,879</u></b>

*SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.*

**INFORMATION SYSTEMS ASSOCIATES, INC.  
STATEMENTS OF STOCKHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007**

*Unaudited*

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		
<b>THREE MONTHS ENDED MARCH 31, 2008</b>						
Balance, December 31, 2007	11,403,834	\$ 11,404	0	\$ 0	\$ 366,097	\$ (171,723)
Net income (loss )						4,175
Balance, March 31, 2008	<u>11,403,834</u>	<u>\$ 11,404</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 366,097</u>	<u>\$ (167,548)</u>
<b>THREE MONTHS ENDED MARCH 31, 2007</b>						
Balance, December 31, 2006	11,403,834	\$ 11,404	0	\$ 0	\$ 366,097	\$ (119,568)
Net income (loss )						(31,432)
Balance, March 31, 2007	<u>11,403,834</u>	<u>\$ 11,404</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 366,097</u>	<u>\$ (151,000)</u>

*SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.*

**INFORMATION SYSTEMS ASSOCIATES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2008 and 2007**

*Note 1 - Statement of Significant Accounting Policies*

*(a) Business Activity*

Information Systems Associates, Inc. (Company) was incorporated under the laws of the state of Florida on May 31, 1994. The Company provides services and software system design for the planning and implementation of Computer Aided Facilities Management (CAFM) based asset management tools. The Company also provided services through its insurance sales business (discontinued as of March 31, 2007).

*(b) Cash and Cash Equivalent*

For the purposes of the Statement of Cash Flows, the Company considers liquid investments with an original maturity of three months or less to be a cash equivalent.

*(c) Management's Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

*(d) Revenue Recognition*

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition" and Emerging Issues Task Force, or EITF, Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables".

Consulting services and training revenues are accounted for separately from subscription and support revenues when these services have value to the customer on a standalone basis and there is objective and reliable evidence of fair value of each deliverable. When

accounted for separately, revenues are recognized as the services are rendered for time and material contracts, and when the milestones are achieved and accepted by the customer for fixed price contracts. The majority of our consulting service contracts are on a time and material basis. Training revenues are recognized after the services are performed. For revenue arrangements with multiple deliverables, we allocate the total customer arrangement to the separate units of accounting based on their relative fair values, as determined by the price of the undelivered items when sold separately.

In determining whether the consulting services can be accounted for separately from subscription and support revenues, we consider the following factors for each consulting agreement: availability of the consulting services from other vendors, whether objective and reliable evidence for fair value exists for the undelivered elements, the nature of the consulting services, the timing of when the consulting contract was signed in comparison

*Note 1 - Statement of Significant Accounting Policies  
(continued)*

*(d) Revenue Recognition (continued)*

to the subscription service start date, and the contractual dependence of the subscription service on the customer's satisfaction with the consulting work. If a consulting arrangement does not qualify for separate accounting, we recognize the consulting revenue ratably over the remaining term of the subscription contract. Additionally, in these situations we defer the direct costs of the consulting arrangement and amortize those costs over the same time period as the consulting revenue is recognized. We did not have any revenue arrangements with multiple deliverables for the period ending December 31, 2007.

*(e) Comprehensive Income (Loss)*

The Company adopted Financial Accounting Board Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income", which establishes standards for the reporting and display of comprehensive income and its components in the financial

statements. There were no items of comprehensive income (loss) applicable to the Company during periods covered in the financial statements.

*(f) Income Taxes*

Income taxes are provided in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes". A deferred tax asset or liability is recorded for all temporary differences between financial and tax and net operating loss carry forwards.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized.

Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

*(g) Fair Value of Financial Instruments*

The carrying amounts reported in the balance sheet for cash, accounts receivable and payables and loans payable approximate fair value based on the short-term maturity of these instruments.

The carrying value of the Company's long-term debt approximated its fair value based on the current market conditions for similar debt instruments.

*(h) Accounts Receivable*

Accounts receivable are stated at estimated net realizable value. Accounts receivable are comprised of balances due from customers net of estimated allowances for uncollectible accounts. In determining the collections on the account, historical trends are evaluated and specific customer issues are reviewed to arrive at appropriate allowances.

*Note 1 - Statement of Significant Accounting Policies*  
*(continued)*

*(i) Property and Equipment*

Property and equipment is stated at cost. Depreciation is provided by the straight-line method over the estimated economic life of the property and equipment (three to ten years). When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the

statement of  
operations.

The Company recognizes an impairment loss on property and equipment when evidence, such as the sum of expected future cash flows (undiscounted and without interest charges), indicates that future operations will not produce sufficient revenue to cover the related future costs, including depreciation, and when the carrying amount of the asset cannot be realized through sale. Measurement of the impairment loss is based on the fair value of the assets.

*(j) Impairment of Long-Lived Assets*

The Company evaluated the recoverability of its property, equipment, and other assets in accordance with Statements of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets or the business to which such intangible assets relate.

*(k) Software Development Costs*

The Company accounts for costs incurred to develop computer software for internal use in accordance with Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". As required by SOP 98-1, the Company capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software are expensed as incurred. Capitalized development costs are amortized over a period of three years. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

After the development of the internal-use "On Site Physical Inventory " software (OSPI) was complete, the Company decided to market the software. Proceeds from the

licenses of the computer software, net of direct incremental costs of marketing, such as commissions, software reproduction costs, warranty and service obligations, and installation costs, are applied against the carrying cost of that software. No profit will be recognized until aggregate net proceeds from licenses and amortization have reduced the carrying amount of the software to zero. Subsequent proceeds will be recognized in revenue as earned.

*Note 1 - Statement of Significant Accounting Policies  
(continued)*

*(l) Share-Based Payments*

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (R), "Share-Based Payments", which establishes standards for transactions in which an entity exchanges its equity instruments for goods and services. This standard replaces SFAS No. 123 and supersedes Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock-Based Compensation". This standard requires a public entity to measure the cost of employee services using an option-pricing model, such as the Black-Scholes Model, received in exchange for an award of equity instruments based on the grant-date fair value of the award. This eliminates the exception to account for such awards using the intrinsic method previously allowable under APB No. 25. Shares of common stock issued for services rendered by a third party are recorded at the fair market value of the shares issued or services rendered, whichever is more readily determinable. The shares are valued using the most recent private sale of stock since the Company is not traded on a public market. The Company adopted this standard during year ended December 31, 2006 using the modified prospective method.

*(m) Dividends*

The Company has not yet adopted any policy regarding payment of dividends. No dividends have been paid or declared since inception.

*(n) Advertising Expenses*

Advertising costs are expensed as incurred. For the three months ended March, 2008 and 2007, no advertising costs were incurred.

*(o) Earnings (Loss) Per Share*

The Company reports earnings (loss) per share in accordance with Statement of Financial Accounting Standard (SFAS) No.128. This statement requires dual presentation of basic and diluted earnings (loss) with a reconciliation of the numerator and denominator of the loss per share computations. Basic earnings per share amounts are based on the weighted average shares of common outstanding. If applicable, diluted earnings per share assume the conversion, exercise or issuance of all common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Accordingly, this presentation has been adopted for the periods presented. There were no adjustments required to net income for the period presented in the computation of diluted earnings per share. There were no common stock equivalents (CSE) necessary for the computation of diluted loss per share.

*Note 1 - Statement of Significant Accounting Policies  
(continued)*

*(p) Recent Accounting Pronouncements*

In December 2007, the FASB issued two new statements: (a) SFAS No. 141 (revised 2007), Business Combinations, and (b) No. 160, Noncontrolling Interests in Consolidated Financial Statements. These statements are effective for fiscal years beginning after December 15, 2008, and the application of these standards will improve, simplify and converge internationally the accounting for business combinations and the reporting of noncontrolling interests in consolidated financial statements. The Company is in the process of evaluating the impact, if any, of SFAS 141 (R) and SFAS 160 and does not anticipate that the adoption of these standards will have any impact on its financial statements.

(a) SFAS No. 141 (R) requires an acquiring entity in a business combination to: (i) recognize all (and only) the assets acquired and the liabilities assumed in the transaction, (ii) establish an acquisition-date fair value as the measurement objective for all assets acquired and the liabilities assumed, (iii) disclose to investors and



other users all of the information they will need to evaluate and understand the nature of, and the financial effect of, the business combination, and (iv) recognize and measure the goodwill acquired in the business combination or a gain from a bargain purchase.

(b) SFAS No. 160 will improve the relevance, comparability and transparency of financial information provided to investors by requiring all entities to: (i) report noncontrolling (minority) interests in subsidiaries in the same manner as equity but separate from the parent's equity in consolidated financial statements, (ii) net income attributable to the parent and to the non-controlling interest must be clearly identified and presented on the face of the consolidated statement of income, and (iii) any changes in the parent's ownership interest while the parent retains the controlling financial interest in its subsidiary be accounted for consistently.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS 161"). This new standard requires enhanced disclosures for derivative instruments, including those used in hedging activities. It is effective for fiscal years and interim periods beginning after November 15, 2008, and will be applicable to the Company in the first quarter of fiscal 2009. The Company is currently evaluating the impact of this statement and does not anticipate that it will have an impact on the Company's financial position or results of operations.

*Note 2- Cash and Cash Equivalent*

	2008	2007
Wachovia Bank (FDIC insured to \$100,000.00)	\$6,369	\$142,879

*Note 3 - Property and Equipment*

	2008	2007
Computer software (developed for internal use)	\$119,726	\$0
Computer software (purchased)	1,307	1,307
Furniture, fixtures, and equipment	27,166	16,750
	148,199	18,057
Less accumulated depreciation and amortization	36,426	11,402
	\$111,773	\$6,655

Depreciation and amortization expense	\$13,513	\$481
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*Note 4 - Computer Software Developed for Internal Use*

During the year ended December 31, 2007, the Company completed the development of the of the internal-use software, "On Site Physical Inventory" (OSPI). The OSPI software was developed to be used by the Company for collecting data for information technology assets installed in data centers. The Company began using the OSPI software in October 2007 while providing consultation services for managing the physical infrastructure of data centers.

After implementing the use of the OSPI software, the Company decided to market the software and entered into a software license agreement with Aperture Technologies, Inc.

The Company has capitalized the cost of the OSPI software using Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" as follows:

	2008	2007
Development costs	\$139,900	\$74,237
Software license agreement - payments received	(40,625)	0
Software license agreement - marketing costs	20,451	0
	119,726	74,237
Less accumulated depreciation and amortization	22,735	0
	\$96,991	\$74,237

*Note 5 - Note Payable*

The Company has a line of credit with Wachovia Bank NA. The line of credit provides for borrowing up to \$40,000. The balance as of March 31, 2008 is \$35,835. The interest rate is Prime Rate plus 3%. The President is a personal guarantor on the line of credit.

*Note 6 - Income Taxes*

	2008	2007
Provision for income tax (credit) consists of:		
Current accrual	\$0	\$0
Cumulative change in deferred income tax	1,025	(7,500)
	\$1,025	(\$7,500)
Income tax receivable consists of the following:		
Federal claim for refund	\$637	

The Company had the following net operating loss carryovers

for income tax purposes:

Expiring 2020	\$204
Expiring 2021	82,899
Expiring 2022	133,233
	\$216,336

*Note 7 - Supplemental Cash Flow Information*

Supplemental disclosures of cash flow information for the periods ended December 31, 2007 and 2006 is summarized as follows:

	2008	2007
Cash paid during the periods for interest and income taxes:		
Income taxes	\$0	\$0
Interest	\$458	\$311

*Note 8 - Operating Lease*

The Company leases its Palm City Florida facility. The lease requires monthly payments of \$1,400. The lease commenced on June 1, 2007 and expires on May 31, 2008.

The following is a schedule of the lease payments by year under the lease:

2008	\$7,000
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*Note 9 - Employee Benefits*

The Company has a SIMPLE Plan (Plan) to provide retirement and incidental benefits for its employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service.

The Company matches employee contributions dollar for dollar up to the IRS maximum. All matching contributions vest immediately. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants.

Company matching contributions to the Plan for the periods ended March 31, 2008 and 2007 totaled \$900 and \$750.

The Company has a medical reimbursement plan that reimburses officers for all out of pocket medical expenses not covered by the Company provided insurance plan.

Company expenses under the medical reimbursement plan for the periods ended March 31, 2008 and 2007 totaled \$7,077 and \$7,610.

*Note 10 - Discontinued Operation*

On April 1, 2007, the Company decided to cease its insurance business due to decreasing sales and a change in corporate strategy. Sales for the insurance business for the three months ended March 31, 2007 were \$10,251. The insurance business pretax loss reported in discontinued operations for the three months ended March 31, 2007 was \$9,631. No assets or liabilities existed for the business.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

As used herein the terms "we", "us", "our," the "Registrant," "ISA" and the "Company" means, Information Systems Associates, Inc., a Florida corporation.

### **GENERAL DESCRIPTION OF BUSINESS**

#### **BUSINESS OVERVIEW**

We have been in business since May of 1994. During the first twelve (12) years of operation, the primary focus of the business was to offer for sale through ISA's Value Added Reseller Agreements in place in several of the industry leaders, software products and services that allow companies to track and manage assets, primarily in the realm of corporate real estate and corporate IT network infrastructure including equipment maintain in corporate data centers. We refer to our product and services suite as asset management solutions. Our solutions can reduce sourcing, procurement and tracking costs, improve tracking and monitoring of asset performance and reduce operational downtime.

Initially, we were a Business Partner (a/k/a Value Added Reseller) with Aperture Technologies, Inc. of Stamford, CT. (It should be noted that the term "Business Partner" is somewhat misleading because in reality we are simply a subcontractor for Aperture. We invite you to examine our contract with Aperture setting forth this subcontracting relationship; it has been attached as Exhibit 10.8.) At that time, Aperture's Network Management tools ("System"), was one of the leading solutions in its field. For more than five years, Aperture Technologies, Inc. has provided enterprise asset management solutions to customers in the United States, Europe and Asia and Pacific Rim. During this same timeframe, we have offered Aperture's enterprise asset management solutions to customers and prospects in North America.

The typical Value Added Reseller Agreement allows the vendor's partner/subcontractor (in this case ISA) the ability to offer to its client's and prospects a Commercial Off The Shelf software solution to address a particular business problem. The primary focus of ISAs business is working data center operations, network management department and corporate real estate department to identify and then implement a software solution which addresses their needs based upon extensive research done prior to the selection and culminating in the purchase by the client and implementation by ISA of the chosen solution.

All of the products listed under our Value Added Reseller relationships (Vista, Obtain 24/7, Vision FM, the Facilities Manager, AutoCAD, and RACKWISE DCM) are products developed by third parties.

The products obtained from third parties are done so through executed Value Added Reseller Agreements. Although each of the vendor's agreements differs to some degree, the basic understandings are the same. Information Systems Associates is authorized by each of the vendors to offer their (the vendor's software solutions) to Information Systems Associates' clients. In return, Information Systems Associates receives a commission on the sale of the software. The percentage ranges between twenty (20) and thirty (30) percent of the sale. On occasion, Information Systems Associates provide pre-sales support services to the vendor's clients. In addition, Information Systems Associates is given the opportunity to implement the software solution and provide training to its clients. On an ongoing basis, Information Systems Associates can and does provide additional consulting services beyond those provided initially to the client.

The need for a better way to capture corporate asset information became evident to ISAs management team. After reviewing the methods and technology in use at that time (1<sup>ST</sup> Quarter 2006) for the purpose of data collection, it was decided within ISA to define a data collection process and subsequently to design and build a software solution capable of delivering quality data (output) through the use of programming techniques that incorporated many of the much needed features and capabilities, especially real time data validation.

Our customer list includes a number of leading organizations, such as Northrop Grumman Electronic Systems, National Counsel on Compensation Insurance (NCCI), Blue Cross Blue Shield of Florida, and Comcast Communications.

Information Systems Associates, Inc. sells software products and services that allow our customers to track and manage assets, primarily in asset intensive industries. We refer to our product and services suite as asset management solutions. Our solutions can reduce sourcing, procurement and tracking costs, improve tracking and monitoring of asset performance and reduce operational downtime.

We began using Aperture's Network Management tools ("System"), in June 1995. For more than five years, Aperture has provided enterprise asset management solutions to customers in the United States, Europe and Asia and Pacific Rim. For the past five years, we have provided enterprise asset management solutions to customers in North America.

Our customer list includes a number of leading organizations, such as Northrop Grumman Electronic Systems, National Counsel on Compensation Insurance, Blue Cross Blue Shield of Florida, and Comcast Communications.

Our application products are also used by corporate Real Estate departments to manage their real property lease obligations (as both tenant and landlord), to determine their company's use of corporate space, to develop plans for relocations, mergers and acquisitions as it relates to the use of space (office, manufacturing, warehousing).

## INDUSTRY BACKGROUND AND OVERVIEW

Asset management software has existed for more than thirty years, initially through computerized maintenance management systems, and more recently including more comprehensive and robust enterprise asset management and enterprise resource planning solutions. The early computerized maintenance management systems automated daily management of assets, while enterprise resource planning solutions consolidate basic asset information with financial information at the corporate level. Enterprise asset management solutions encompass elements of both, serving as the next evolution of computerized maintenance management system solutions by bridging the gap between asset management and corporate-level planning and tracking requirements.

The key value proposition for enterprise asset management solutions is that they can provide a quick and quantifiable return on investment and return on assets. Cost and productivity improvements can immediately and measurably benefit organizations, and thus are highly desirable to potential customers, particularly in difficult economic times where the focus is increasingly bottom line oriented.

In addition to enterprise asset management solutions, we offer Facilities solutions. These are natural extensions to enterprise asset management solutions, as organizations seek to extend asset management and corporate-level planning and tracking onto other elements of the asset lifecycle. The reference to "Facilities solutions" includes software application products that are used by corporate Real Estate departments to manage their real property lease obligations (as both tenant and landlord), to determine their company's use of corporate space, to develop plans for relocations, mergers and acquisitions as it relates to the use of space (office, manufacturing, warehousing). This term can also apply to software application products used by Data Center Management (Information Technology) to track their computer assets from both a financial perspective as well as their usage and connectivity within the corporate IT (Information Technology) network.

## PRODUCTS AND SERVICES

### Aperture's VISTA

Historically, IT organizations have operated as reactive cost centers that customized one-off services at the demands of customers. However, the influx of growing complexities, continual changes and higher demands for "better, faster and cheaper" has instigated a trend towards tighter IT management and control. The new "value-driven" approach, combined with pressures for higher availability and with increased SLA penalties have many IT executives operating under a mantra of "avoid problems before they happen" or "no surprises permitted."

The term "SLA penalties" refers to Service Level Agreement performance metrics. In most sophisticated corporate operations, the end user is guaranteed a specific degree of network and application availability. Usually items such as systems maintenance are taken into consideration when guaranteeing this availability as are items like built in redundancy (network circuits and the hardware used to deliver the connectivity) as well as Disaster Recovery plans that would insure the end user a specific level of availability (although typically less than that guaranteed under normal operating conditions) in the event that a natural or other type of disaster cause an interruption in corporate IT services.

In order to reduce operational risk and increase operational efficiency, it is essential for IT organizations to define best practices and implement IT frameworks (for example, the IT Infrastructure Library, ITIL) that create a more service-oriented organization. This includes standardizing and automating IT processes from a disparate set of ad hoc tasks to a cohesive, consolidated environment and developing a central repository of information to create institutional memory for the IT organization.

Many organizations have assessed the various facets of the IT organization to improve the logical environment. However, one component which seems to be overlooked quite frequently and that continuously operates within individual silos is the overall physical infrastructure of the data center.

Aperture VISTA is the essential solution to revolutionize your data center operations. It provides a structured process to consolidate and standardize operations within the data center, mitigate operational risk, and apply key best practices (i.e., configuration and change management processes) to better control operations in the data center.

Aperture VISTA specifically provides IT Management with the key information and intelligence to reduce operational risk and improve efficiency in the data center. Aperture VISTA enables organizations to achieve significant improvements in the following areas:

- Improve impact analysis, minimize errors and reduce staff requirements associated with changes
- Enable proactive infrastructure capacity planning
- Facilitate the planning and execution of consolidation or relocation projects
- Provide alerts for key performance indicators and threshold conditions
- Enforce adherence to redundancy requirements and design guidelines to ensure availability and business continuity
- Reduce mean-time-to-repair for outages
- Ensure compliance with standard or regulated processes
- Speed time-to-market for new application deployments

### OBTAIN 24/7

The OBTAIN 24/7 software tool enables all the players in the planning process; hardware planners, system programmers, facilities specialists, electricians, vendors and operations to participate in a planning process at their convenience. Change cycles have shortened. There is less time for planning meetings. Yet, the change process is becoming more complex. Fabric switches, trunk cables and patch panels are replacing point-to-

point connections. SANS are replacing dedicated storage. Mainframe and open systems are sharing storage devices. The term "SAN" refers to the Storage Area Network physical infrastructure which connects various servers and switches with mass storage devices containing information shared amongst the enterprise (multiple applications).

OBTAIN 24/7 provides the capability to plan multiple scenarios for each hardware change and to keep all planning data in sync with the 'production' data and between competing plans. Common resources such as patch panel slots or switching capability can be reserved to prevent conflicting plans.

Best of all, planners can view the changes and progress in the planning cycle without wasting the time used by other planning methods to keep everyone informed and actively engaged in the process.

#### OBTAIN 24/7 Features

Asset and Connectivity database able to record data for:

- All devices, including Mainframe, Open System and Network devices.
- Internal device features, control units, logical partitioning.
- All device ports, CHPIDs, interface.
- Warranty, install/de-install dates, contract and leasing information.
- All fiber cables including ESCON, FICON, Fiber Channel, FDDI, etc.
- All copper cables including Bus & Tag, SCSI, CAT5, Coax, etc.
- All physical connectivity between devices and internal connectivity through switching equipment.
- All power equipment and connectivity.
- Device racks.
- Copper and fiber patch panels and cabinets.
- SAN Fabric definition including aliases, zone sets and zone members.
- All asset and connectivity data defined once with multiple physical/logical displays of the data from different physical/logical viewpoints.
- Able to link an asset to external documents such as Word documents, CAD drawings, spreadsheets, etc.

#### VisionFM

VisionFM includes a very flexible asset management system capable of tracking everything from building components to office supplies. The Facilities Manager can define complex products such as systems furniture that include a bill-of-materials or simple items such as keys and cell phones that can be assigned directly to individuals.

Once products are defined then assets can be added by inserting symbols in AutoCAD or by using VisionFM forms such as a purchase order. Unique information about each asset can be recorded including a barcode number, purchase date and price. The system then tracks the asset from purchase through to disposition including depreciation, maintenance history, condition, warranties and insurance.

The result is an accurate accounting of corporate assets, their location, department, condition and value.

Features:

- Track equipment, furniture and telecom assets in use and in inventory.
- Assign assets to locations, employees and cost centers.
- Report on condition, depreciation, warranties and maintenance histories.
- Inventory analysis, including leased vs. owned assets.
- Track assets as individual components or create an asset made up of many individual components by recording a bill-of-materials (i.e. workstation).
- Establish product standards.



- Create purchase orders and track cost, approval and supplier.
- Receive goods and specify installed location.
- Track warranties, insurance policies and asset leases, including duration and payments.
- Create multiple stock locations including non-fixed locations such as maintenance trucks.
- Track parts in stock, establish recommended stock levels and reorder parts for stock. Work orders reserve and use parts in stock.

Benefits:

- Track the lifecycle of assets from purchase, to relocation to disposition.
- Report on assets by location, department and employee.
- Review expiring insurance policies, warranties and leases.
- Review an assets maintenance history including on-demand and preventative maintenance work.
- Manage parts inventories including allocated parts and reordering.
- Compare actual furniture to typical furniture by room type.
- Keep asset locations up to date in AutoCAD drawings or by issuing move orders.

RACKWISE™ services and products deliver key features to simplify and reduce the time consumed designing, modeling and operating the physical infrastructure of your datacenter.

- § Graphical Design & Modeling of Datacenters
- § Auto-Build Visual Documentation From Imported Bill of Materials
- § Advanced Operations & Reporting
- § Modeling and Impact Analysis of Datacenter Designs
- § Space, Power, Cooling, and Cable Management
- § Generate Detailed Datacenter and Rack Visualizations
- § Ensure Racks and the Datacenter are Within Design Limits
- § Instantly Find Available Datacenter Resources
- § Improve Utilization of Power and Space
- § Import, & Document the Datacenter in Minutes

## Related Services

In connection with our software offerings, we provide the following services to our customers:

**Consulting.** A significant number of our customers request our advice regarding their business and technical processes, often in conjunction with a scoping exercise conducted both before and after the execution of a contract. This advice can relate to development or streamline of assorted business processes, such as sourcing or procurement activities, assisting in the development of technical specifications, and recommendations regarding internal workflow activities.

**Customization and Implementation.** Based generally upon the up-front scoping activities, we are able to customize our solutions as required to meet the customer's particular needs. This process can vary in length depending on the degree of customization, the resources applied by the customer and the customer's business requirements. We work closely with our customers to ensure that features and functionality meet their expectations. We also provide the professional services work required for the implementation of our customer solutions, including loading of data, identification of business processes, and integration to other systems applications.

**Training.** Upon completion of implementation (and often during implementation), we train customer personnel to utilize our Solutions through our administrative tools.

Training can be conducted in one-on-one or group situations. We also conduct “train the trainer” sessions.

**Maintenance and Support.** We provide regular software upgrades and ongoing support to our customers.

We have been providing consulting, customization and implementation, training, maintenance and support services to our customers since 1994.

## Third Party Offerings

### Other Partner Relationships

In addition to the sale of our core solutions and services, we intend to enter into marketing or co-marketing agreements with companies that offer services that are complementary to our offerings. We would market these complementary services to our customers and prospects and can earn a referral fee if these services are purchased. In some cases our marketing partner will be able to market our solutions to its customers and prospects and can earn a referral fee. At the present time, we have two marketing partners. They are Forsythe Solutions Group, Inc. and Total Site Solutions, Inc.

Forsythe serves as a technology infrastructure solutions provider, helping organizations across all industries, including Fortune 1000 companies, manage the cost and risk of their information technology. Forsythe's data center services offerings help organizations navigate through some of the more infrequent aspects of owning and operating a mission-critical environment—data center planning and information technology relocation. Our data collection solution On Site Physical Inventory and the services offered by us in conjunction with On Site Physical Inventory are perfectly matched to the needs of Forsythe's customer's, for whom they (Forsythe) are either planning a new data center, expanding an existing data center or moving a data center to a new location. In the current environment of corporate acquisitions and downsizing, the services offered by Forsythe and in turn complimented by our offerings are well suited for these purposes. We have discussed two data collection opportunities with Forsythe for which we have submitted budgetary information, but neither has gone forward due to the lack of client funding. To date we have not realized any revenue from the relationship with this partner.

Total Site Solutions, Inc. (TSS) specializes in providing a single source solution for companies requiring

highly technical facility integration and precision project execution for mission-critical facilities. ISA's data collection solution On Site Physical Inventory and the services offered by us in conjunction with On Site Physical Inventory are perfectly matched to the needs of Total Site Solutions' customer's. We have entered into an agreement with TSS and have received a purchase order to provide integration services for their one of TSS clients. The completion of the deliverables identified in the statement of work is being delayed by the client due to their manpower resource issues.

## Business Cycles

Since many of our customers are large organizations or quasi-governmental entities, we may experience increasingly longer sales and collection cycles.

## CUSTOMERS

We provide our solutions to customers in a variety of industries, including: healthcare, public authorities, and financial services sectors.

The services provided vary depending upon the needs of the customer and the solution concerned. We collect service fees for implementation and training, and support and maintenance fees.

The criteria used to select the customers listed in the business section and other sections of the document are based on their prominence within their industry. For instance, Northrop Grumman is well known within the defense industry as Comcast Communications is known in the cable industry. We do not list companies based upon any specific amount of revenue derived or whether or not they are currently active clients, but rather we have selected these clients based upon the scope of the consulting engagement. This approach provides us with clients from various industries as this sometimes becomes crucial to a prospect in their vendor selection process.

Each engagement with Northrop Grumman is a separate contract and is initiated through a series of actions on the part of both Northrop Grumman and ISA. No long term agreement exists between the two parties. A maintenance contract exists between the two parties for the period ending December 31, 2007. As funds are exhausted or additional software or services are required by Northrop Grumman, they (Northrop Grumman) would issue an RFQ (Request For Quotation) to ISA, and ISA in turn would submit a Statement of Work in response to the RFQ. If accepted, Northrop Grumman's Purchasing Department would then issue a Purchase Order to ISA for the specific deliverables listed in the Statement of Work. Given the nature of Northrop Grumman's business (defense contractor) as well as the terms and conditions under which they issue purchase orders, it may not be appropriate to list Northrop Grumman by name in any filing. Such listing would have to be confirmed with Northrop Grumman.

We do not have any formal agreement with Northrop Grumman, however for the period January 1, 2008 through May 15th, 2008 Northrop Grumman has issued one purchase order to ISA in the amount of \$1,200 and ISA has agreed to provide maintenance services to Northrop Grumman related to their installed Computer Aided Facilities Management solution "VisionFM".

To date, the following services have been provided to Northrop Grumman under the above.

1. Updated and customized data entry forms included in the standard VisionFM product
2. Added new forms and workflow processes
3. Created a training video whose target audience is the end user submitting Work Orders and Move Requests
4. Other minor modifications to the VisionFM solution.

## SALES AND MARKETING

We market our services primarily through referrals from the following companies with whom ISA has either

a resellers agreement in place, is authorized to provide consulting service to their client's or both:

Potential customers are identified through direct contact, responses to requests for information, attendance at trade shows and through industry contacts. We principally focus on professionals and ongoing lead generation through our partner relationships and their VAR (Valued Added Reseller) program referrals.

We use reference customers to assist us in our marketing efforts, both through direct contact with potential customers and through site branding and case studies. We also rely on our co-marketing partners to assist in our marketing efforts.

## TECHNOLOGY PLATFORM

As Valued Added Resellers, Information Systems Associates, Inc. has sought out and identified those solutions that are based upon proven technology platforms and contain the desired functionality to meet or exceed its client's expectations.

Our partner's technology platform are based on Microsoft core applications, including the Windows operating system and a SQL server and/or Oracle relational database, all residing on scaleable hardware. The software is constructed using HTML and XML framework and resides on N-tier architecture as well as proprietary solutions.

ISA is the developer and at this time the exclusive marketer and distributor of on site physical inventory. Our activities as a VAR (Value Added Reseller) are best described as being authorized to resell a partner's software solution as well as being certified to implement the solution on the client's hardware and to deliver training in the use and operation of the software application.

## RESEARCH AND DEVELOPMENT

Based on the relative pricing and functionality of products available in the marketplace today, we believe that the opportunity exists for ISA to develop software to compete in a segment of the industry. We believe that this segment is defined as any technology infrastructure (a/k/a data centers) who size (raised floor area) is less than twenty-five thousand square feet in size. Therefore, we have focused our software development and technology efforts on the development of our proprietary software offerings.

Our initial software development and technology efforts will be aimed at the defining the core functionality elements of our software application (On Site Physical Inventory), the features and functionality of the follow-up release, the development of new software components, and the integration of superior third party technology into our environment. Productization involves the development of reusable applications to reduce programming time and costs for customer implementations.

## COMPETITION

The market for each solution comprising our asset management suite is intensely competitive. Many of the companies we compete with have much greater financial, technical, research and development resources than us.

The system integration consulting field is comprised of many categories of specialties. There are integrators who specialize in software integration by industry (automotive, manufacturing, pharmaceutical, defense, etc.) and therefore are not considered to be competitors. Our primary competitors in this space are the other Value Added Resellers representing the same products as does Information Systems Associates. The relationship with the vendor (software developers) is crucial in gaining an edge on the competition. This relationship is usually strengthened by such factors as the client relationships that the Value Added Reseller already has in place as well as the Value Added Resellers ability to successfully implement and maintain the vendor's solution to the vendor's satisfaction. We believe that Information Systems Associates has developed strong relationships with the solution vendor's that it represents which in turn has and will continue to provide Information Systems Associates with sales of its consulting service offerings. We at Information Systems Associates believe that the foundation for this relationship is built upon trust.

The data collection services field has been in existence for many industries for years. The idea of hiring outside companies to conduct inventories of corporate data centers is not new either. There are many vendors in this space today that are using techniques that employ the use of text based list or a formatted spread sheet. Information Systems Associates has developed a data collection process for IT assets that employs real time data validation combined bar code scanning which as best as can be determined is unique in the industry. The major importance of this approach is that the data exported (extracted) from Information Systems

Associates' data collection application has been validated and is available to be imported into the client's asset management solution. This saves a significant amount of time (could be days or even weeks) in researching errors that are uncovered by the application at the time of the data import

To become more competitive, we will need to make investments in new product development and improve our market visibility and financial situation.

Although we offer a broad range of asset network and facilities management solutions as Value Added Resellers, we face significant competition in each of the component product areas from the following companies:

- Enterprise asset management - related solutions - Visual Network Design, Inc., ShowRack, NLyte, Visio)
- Facilities Management - related solutions - Archibus)

In addition, we face competition from organizations that use in-house developers to develop solutions for certain elements of the asset management.

ISA considers data collection and the software it has developed to perform these services "On Site Physical Inventory" to be one of the two areas of focus for our business. It is the intent of ISA management to promote the software as the practical solution to the specific problems encountered during the data collection process for IT (Information Technology) assets. The promotion of the product and services will occur through marketing via industry trade show exhibition as well as mailings to a targeted audience.

ISA competes for business based on the recommendations of the software vendors for whose product solutions our data collection software is compatible. At the present time, On Site Physical Inventory is compatible with two vendor's solutions; VISTA500 by Aperture Technologies, Inc. and RACKWISE DCM by Visual Network Design. ISA believes that its current pricing structure combined with the extensive number of data validation processes included in its product make it very competitive. In the recent trade show at which we exhibited in San Francisco, ISA was the only vendor offering a data collection solution. The vast majority of data collection services in existence are focused on the retail industry. Of the competitors that we have been able to identify, our research has not produced any information that would lead us to believe that the competitors can provide the same level of quality services that ISA is capable of delivering with its software solution.

Visual Network Design does not assign exclusive geographical areas to Value Added Resellers as this would limit the VAR's potential as it relates to the sale of software and services. ISA is now being actively engaged by Visual Network Design to deliver consulting services to its customers (solution installation, data load and training) and plans to offer a "turnkey" service to their clients in which ISA provides the IT asset data collection, Rackwise software installation, data import (using the data collected previously) and client training in the use of the Rackwise software. ISA is training an additional resource for this purpose and intends to make this resource exclusive to Visual Network Design. ISA and VND management have had several discussions regarding the role that ISA will play in supporting Visual Network Design's deployment of RACKWISE DCM.

## **RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007**

The following discussion should be read in conjunction with the financial statements included in this report and is qualified in its entirety by the foregoing.

### **FORWARD LOOKING STATEMENTS**

Certain statements in this report, including statements of our expectations, intentions, plans and beliefs, including those contained in or implied by "Management's Discussion and Analysis" and the Notes to Financial Statements, are "forward-looking statements", within the meaning of Section 21E of the Securities

Exchange Act of 1934, as amended (the "Exchange Act"), that are subject to certain events, risks and uncertainties that may be outside our control. The words "believe", "expect", "anticipate", "optimistic", "intend", "will", and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements. These forward-looking statements include statements of management's plans and objectives for our future operations and statements of future economic performance, information regarding our expansion and possible results from expansion, our expected growth, our capital budget and future capital requirements, the availability of funds and our ability to meet future capital needs, the realization of our deferred tax assets, and the assumptions described in this report underlying such forward-looking statements. Actual results and developments could differ materially from those expressed in or implied by such statements due to a number of factors, including, without limitation, those described in the context of such forward-looking statements.

## CRITICAL ACCOUNTING POLICIES

### **Revenue recognition**

We recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition" and Emerging Issues Task Force, or EITF, Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables".

Consulting services and training revenues are accounted for separately from subscription and support revenues when these services have value to the customer on a standalone basis and there is objective and reliable evidence of fair value of each deliverable. When accounted for separately, revenues are recognized as the services are rendered for time and material contracts, and when the milestones are achieved and accepted by the customer for fixed price contracts. The majority of our consulting service contracts are on a time and material basis. Training revenues are recognized after the services are performed. For revenue arrangements with multiple deliverables, we allocate the total customer arrangement to the separate units of accounting based on their relative fair values, as determined by the price of the undelivered items when sold separately.

In determining whether the consulting services can be accounted for separately from subscription and support revenues, we consider the following factors for each consulting agreement: availability of the consulting services from other vendors, whether objective and reliable evidence for fair value exists for the undelivered elements, the nature of the consulting services, the timing of when the consulting contract was signed in comparison to the subscription service start date, and the contractual dependence of the subscription service on the customer's satisfaction with the consulting work. If a consulting arrangement does not qualify for separate accounting, we recognize the consulting revenue ratably over the remaining term of the subscription contract. Additionally, in these situations we defer the direct costs of the consulting arrangement and amortize those costs over the same time period as the consulting revenue is recognized. We did not have any revenue arrangements with multiple deliverables for the period ending March 31, 2008.

## **Property, Plant, and Equipment**

Property and equipment is stated at cost. Depreciation is provided by the straight-line method over the estimated economic life of the property and equipment (three to ten years). When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations.

We recognize an impairment loss on property and equipment when evidence, such as the sum of expected future cash flows (undiscounted and without interest charges), indicates that future operations will not produce sufficient revenue to cover the related future costs, including depreciation, and when the carrying amount of the asset cannot be realized through sale. Measurement of the impairment loss is based on the fair value of the assets.

## **Software Development Costs**

We account for costs incurred to develop computer software for internal use in accordance with Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". As required by SOP 98-1, we capitalize the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software are expensed as incurred. Capitalized development costs are amortized over a period of three years. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

After the development of the internal-use "On Site Physical Inventory" software (OSPI) was complete, we decided to market the software. Proceeds from the licenses of the computer software, net of direct incremental costs of marketing, such as commissions, software reproduction costs, warranty and service obligations, and installation costs, are applied against the carrying cost of that software. No profit will be recognized until aggregate net proceeds from licenses and amortization have reduced the carrying amount of the software to zero. Subsequent proceeds will be recognized in revenue as earned.

## **Revenues**

Gross revenues were \$256,265 and \$56,218 for the three months ended March 31, 2008 and 2007, respectively, due primarily to the increased sale of professional services, maintenance contracts and time and materials arrangements. We recognize professional services revenue, which includes installation, training, consulting and engineering services, upon delivery of the services. If the professional service project includes independent milestones, revenue is recognized as milestones are met and upon acceptance from the customer. As part of our ongoing operations to provide services to our customers, incidental expenses, if reimbursable under the terms of the contracts, are billed to customers. These expenses are recorded as both revenues and direct cost of services. We expect revenues to increase during 2008 as our moves toward developing our business plan.

## **Income / Loss**

Net income (loss) from continuing operations for the three months ended March 31, 2008 and 2007 were \$4,175, or less than \$.01 per share, and (\$31,432), or less than (\$.01) per share, respectively. The loss in 2007 was due to much lower sales as we started developing our business plan. We expect to continue to incur losses at least through the fiscal year 2008, partly attributable to the fair value of expected services to be received. In addition, there can be no assurance that we will achieve or maintain profitability or that our revenue growth can be sustained in the future.



## Expenses

Operating expenses for the three months ended March 31, 2008 and 2007 were \$249,267 and \$75,643, respectively. The high operating expenses during 2008 were due primarily to administrative and general expenses of \$92,442 and professional consulting expenses of \$121,202 for services in connection with technology consulting and advisory services.

## Income Taxes

We received an income tax benefit of \$1,855 in 2007.

## Impact of Inflation

We believe that inflation has had a negligible effect on operations during the three-month periods ended March 31, 2008 and 2007. We believe that we can offset inflationary increases in the cost of revenue by increasing revenue and improving operating efficiencies.

## Liquidity and Capital Resources

Cash flows used in operations were (\$49,357) and (\$5,722) for the three months ended March 31, 2008 and 2007, respectively. Cash flows used in operations in 2008 were primarily attributable to a net income of \$4,175, the increase in accounts receivable by \$69,530, partially offset by the decrease in prepaid consulting by \$1,798 and increase in accrued payroll taxes by \$1,983. Cash flows used in operations in 2007 were primarily attributable to a net loss of (\$31,432), partially offset by a decrease in accounts receivables by \$13,272 and an increase in accounts payable of \$15,898.

Cash flows provided by (used in) investing activities were \$15,595 and (\$30,174) for the three months ended March 31, 2008 and 2007, respectively. Cash flows provided by investing activities in 2008 were attributable to cost of software development of \$9,020, and purchase of property and equipment of \$2,468 less \$27,083 in payments received on a software license agreement. Cash flows used in investing activities in 2007 were due solely to the cost of software development.

Cash flows provided by financing activities were \$26,805 and \$-0- for the three months ended March 31, 2008 and 2007, respectively. Cash flows from financing activities in 2008 were due primarily to proceeds from a line of credit with Wachovia Bank NA. The line of credit provides for borrowing up to \$40,000. We borrowed \$28,805 on the credit line and repaid \$2,000 in 2008.

Overall, we have funded our cash needs from inception through March 31, 2008 with a series of debt and equity transactions.

We had cash on hand of \$6,369 and a working capital of \$98,180 as of March 31, 2008. Currently, we have enough cash to fund our operations for the next year. This is based on current cash flows from financing activities and projected revenues. Although it is possible, if the projected revenues fall short of needed capital we may not be able to sustain our capital needs. We will then need to obtain additional capital through equity or debt financing to sustain operations for an additional year. Our current level of operations would require capital of approximately \$75,000 to sustain operations through year 2008 and the years thereafter. Modifications to our business plans may require additional capital for us to operate. For example, if we want to offer a greater number of products or increase our marketing efforts, we may need additional capital. Failure to raise capital may result in lower revenues and market share for us. In addition, there can be no assurance that additional capital will be available to us when needed or available on terms favorable to us.

Neither Mr. Coschera, nor any other person or entity is liable for, surety or otherwise provides a guarantee for our debt financing from outside resources.

Demand for the products and services will be dependent on, among other things, market acceptance of our

services, the computer software market in general, and general economic conditions, which are cyclical in nature. Inasmuch as a major portion of our activities is the receipt of revenues from services rendered, our business operations may be adversely affected by our competitors and prolonged recession periods.

Our success will be dependent upon implementing our plan of operations and the risks associated with our business plan.

No significant amount of our trade payables has been unpaid within the stated trade term. We are not subject to any unsatisfied judgments, liens or settlement obligations.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information to be reported under this item is not required of smaller reporting companies.

### **ITEM 4T. CONTROLS AND PROCEDURES.**

#### **DISCLOSURE CONTROLS AND PROCEDURES**

Our management, including our Principal Executive Officer and Principal Financial Officer, has evaluated the design, operation, and effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 (the “Exchange Act”). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon the evaluation performed by our management, including its Principal Executive Officer and Principal Financial Officer, it was determined that, as of the end of the period covered by this quarterly report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted pursuant to the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including its Principal Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding disclosures

#### **Changes in Internal Control Over Financial Reporting**

Our Principal Executive Officer and Principal Financial Officer have determined that, during the period covered by this quarterly report, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. They have also concluded that there were no significant changes in our internal controls after the date of the evaluation.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are not aware of any pending or threatened legal proceedings, in which we are involved. In addition, we are not aware of any pending or threatened legal proceedings in which entities affiliated with our officers, directors or beneficial owners are involved.

### **ITEM 1A. RISK FACTORS**

Information regarding risk factors appears in Part I, “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the captions “General Description of Business” and “Cautionary Note Regarding Forward-Looking Statements” contained in this Quarterly Report on Form 10-Q and in “Item 1A. RISK FACTORS” of our 2007 Annual Report on Form 10-KSB. There have been no material changes from the risk factors previously disclosed in our 2007 Annual Report on Form 10-KSB.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

- (1) Exhibits: Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits beginning on page 8 of this Form 10-Q, which is incorporated herein by reference.

Reports on Form 8-K filed

- (1) None.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

Date: May 15, 2008

Information Systems Associates, Inc.  
By: /s/ Joseph P. Coschera  
Joseph P. Coschera  
President

## INDEX TO EXHIBITS

<b>Exhibit No.</b>	<b>Description</b>
31.1	<a href="#"><u>Certification of Chief Executive Officer and Chief Financial Officer</u></a>
32.1	<a href="#"><u>Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</u></a>

## EXHIBIT 31.1

### Certifications

I, Joseph P. Coschera, President, and Chief Executive Officer and Chief Financial Officer certify that:

1. I have reviewed this quarterly report on Form 10-Q of Information Systems Associates, Inc.
2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal period that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls (all of which do not apply); and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls, (all of which do not apply).

Date: May 15, 2008

/s/ Joseph P. Coschera  
Joseph P. Coschera







EXHIBIT 32.1

STATEMENT REQUIRED BY 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT  
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Information Systems Associates, Inc. for the three months ended March 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph P. Coschera, our President, Chief Executive Officer and Chief Financial Officer, certify that:

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

\* information contained in the Report fairly presents, in all material respects, our financial condition and results of operations.

/s/ Joseph P. Coschera

Joseph P. Coschera  
President, Chief Executive Officer  
and Chief Financial Officer

May 15, 2008

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by us for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.