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

# FORM 10-Q

**[X]** **Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934 for the Quarterly Period Ended September 30, 2009**

**[ ]** **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**

# INFORMATION SYSTEMS ASSOCIATES, INC.

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

| | |
|---|---|
| **FLORIDA** | **65-0493217** |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

**1151 W 30th Street, Ste E Palm City, FL 34990**
(Address of principal executive offices)

**(772) 403-2992**
(Issuer's telephone number)

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

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

Number of shares of common stock outstanding as of September 30, 2009: 17,966,084

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 | þ |

**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.

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### PART I. FINANCIAL INFORMATION



### PART II. OTHER INFORMATION

## INFORMATION SYSTEMS ASSOCIATES, INC.
## BALANCE SHEETS
## ASSETS

| | September 30, 2009 (Unaudited) | December 31, 2008 (Audited) |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ 54,240 | $ 204,768 |
| Accounts receivable | 141,756 | 94,121 |
| Prepaid consulting | 263,750 | 518,438 |
| Prepaid expenses | 9,921 | - |
| Total Current Assets | 469,667 | 817,327 |
| **Property and Equipment (net)** | 154,978 | 21,168 |
| **Other Assets** | | |
| Investments, at cost | 73,958 | - |
| **TOTAL ASSETS** | $ 698,603 | $ 838,495 |

## LIABILITIES AND STOCKHOLDERS' EQUITY

| | September 30, 2009 (Unaudited) | December 31, 2008 (Audited) |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable | $ 19,793 | $ 10,326 |
| Accrued expenses | 12,290 | 21,399 |
| Notes payable | 5,242 | - |
| Other liabilities | 700 | 600 |
| Deferred revenue | - | 1,500 |
| Total Current Liabilities | 38,025 | 33,825 |
| **Stockholders' Equity** | | |
| Common stock-$.001 par value, 50,000,000 shares authorized, 17,966,084 and 16,309,834 issued and outstanding for 2009 and 2008 respectively | 17,966 | 16,310 |
| Additional paid in capital | 2,098,513 | 1,587,669 |
| Retained (deficit) | (1,455,901) | (799,309) |
| Total Stockholders' Equity | 660,578 | 804,670 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 698,603 | $ 838,495 |

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

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**INFORMATION SYSTEM ASSOCIATES, INC.**
**STATEMENTS OF OPERATION**
**(UNAUDITED)**

| | For the Three Months Ended September 30, 2009 | For the Three Months Ended September 30, 2008 | For the Nine Months Ended September 30, 2009 | For the Nine Months Ended September 30, 2008 |
|---|---|---|---|---|
| **Revenue** | $ 271,533 | $ 333,210 | $ 606,865 | $ 1,062,499 |
| **Cost of Sales** | 625 | 7,413 | 35,670 | 33,938 |
| **Gross Profit** | 270,908 | 325,797 | 571,195 | 1,028,561 |
| **Operating Expenses** | | | | |
| Administrative and general | 88,615 | 231,937 | 206,942 | 470,910 |
| Payroll and payroll taxes | 52,790 | 44,544 | 156,269 | 122,363 |
| Professional | 275,201 | 367,817 | 865,403 | 727,087 |
| Total Operating Expenses | 416,606 | 644,298 | 1,228,614 | 1,320,360 |
| (Loss) Before Other Income and (Expense) | (145,698) | (318,501) | (657,419) | (291,799) |
| **Other Income (Expense)** | | | | |
| Interest income | 2 | - | 827 | - |
| Consulting fees | - | (4,942) | - | (9,239) |
| Total other income (expense) | 2 | (4,942) | 827 | (9,239) |
| (Loss) Income Before Income Taxes | (145,696) | (323,443) | (656,592) | (301,038) |
| **Provision for Income Taxes** | - | (4,415) | - | - |
| Net (Loss) | (145,696) | (319,028) | (656,592) | (301,038) |
| **Other Comprehensive Income (Loss)** | | | | |
| Unrealized gain (loss) on securities: | | | | |
| Arising during the year | (12,600) | - | 1,242 | - |
| Reclassification to net income | - | - | - | - |
| Total other comprehensive income | (12,600) | - | 1,242 | - |
| Comprehensive Income (Loss) | $ (158,296) | $ (319,028) | $ (655,350) | $ (301,038) |
| **Basic and Fully Diluted Earnings (Loss) per Share:** | | | | |
| Basic and diluted | (0.01) | (0.03) | (0.04) | (0.03) |
| Weighted average common shares outstanding | 16,811,222 | 12,570,501 | 17,594,001 | 11,792,724 |

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

**INFORMATION SYSTEMS ASSOCIATES, INC.**
**STATEMENTS OF CASH FLOWS**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30,**
**(UNAUDITED)**

| | 2009 | 2008 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net (Loss) | $ (656,592) | $ (301,038) |
| Adjustments to reconcile net (loss) to net | | |
| cash provided from operating activities: | | |
| Depreciation and amortization | 3,728 | 36,584 |
| Common stock for services | 517,188 | 250,500 |
| (Increase) decrease in: | | |
| Accounts receivable | (47,635) | (137,100) |
| Prepaid consulting | - | 1,798 |
| Prepaid expenses | (9,921) | - |
| Deposits | - | 1,500 |
| Increase (decrease) in: | | |
| Accounts payable | 9,467 | 13,863 |
| Accrued expenses | (9,109) | 1,825 |
| Other liabilities | 100 | 600 |
| Deferred revenue | (1,500) | - |
| Net Cash (Used in) Operating Activities | (194,274) | (131,468) |
| **Cash Flows from Investing Activities** | | |
| Computer software development costs | (128,389) | (18,041) |
| Software license agreement - payments received | - | 106,010 |
| Purchase of property and equipment | (9,149) | (9,498) |
| Purchase of investment | (73,958) | - |
| Net Cash (Used In) Provided by Investing Activities | (211,496) | 78,471 |
| **Cash Flows from Financing Activities** | | |
| Proceeds from issuance of stock | 250,000 | 100,000 |
| Borrowings from note payable | 9,615 | - |
| Payments made on note payable | (4,373) | - |
| Payments made on line of credit | - | (9,030) |
| Net Cash Provided by Financing Activities | 255,242 | 90,970 |
| Net Change in Cash and Cash Equivalents | (150,528) | 37,973 |
| Cash and Cash Equivalents at Beginning of period | 204,768 | 13,326 |
| **End of Period** | $ 54,240 | $ 51,299 |

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

**INFORMATION SYSTEMS ASSOCIATES, INC.**
**STATEMENTS OF STOCKHOLDERS' EQUITY**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**
**(UNAUDITED)**

| | Common Stock | | Preferred Stock | | Additional Paid in | Retained |
|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Capital | (Deficit) |
| Balance, January 1, | 16,309,834 | $ 16,310 | - | $ - | $ 1,587,669 | $ (799,309) |
| Proceeds from issuance of stock - for cash | 1,000,000 | 1,000 | - | - | 249,000 | - |
| Proceeds from issuance of stock - for services | 656,250 | 656 | | | 261,844 | - |
| Net (loss) | - | - | - | - | - | (656,592) |
| Balance, September 30, | 17,966,084 | $ 17,966 | - | $ - | $ 2,098,513 | $ (1,455,901) |

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

**INFORMATION SYSTEMS ASSOCIATES, INC.**
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2009 AND 2008**

## NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 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.

Results of operations for interim periods presented are not necessarily indicative of results of operations that might be expected for future interim periods or for the full fiscal year ended December 31, 2008.

### Recent Accounting Literature

***FASB Accounting Standards Codification***

*(Accounting Standards Update ("ASU") 2009-01)*

In June 2009, FASB approved the FASB Accounting Standards Codification ("the Codification") as the single source of authoritative nongovernmental GAAP. All existing accounting standard documents, such as FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other related literature, excluding guidance from the Securities and Exchange Commission ("SEC"), have been superseded by the Codification. All other non-grandfathered, non-SEC accounting literature not included in the Codification has become nonauthoritative. The Codification did not change GAAP, but instead introduced a new structure that combines all authoritative standards into a comprehensive, topically organized online database. The Codification is effective for interim or annual periods ending after September 15, 2009, and impacts the Company's financial statements as all future references to authoritative accounting literature will be referenced in accordance with the Codification. There have been no changes to the content of the Company's financial statements or disclosures as a result of implementing the Codification during the quarter ended September 30, 2009.

As a result of the Company's implementation of the Codification during the quarter ended September 30, 2009, previous references to new accounting standards and literature are no longer applicable. In the current quarter financial statements, the Company will provide reference to both new and old guidance to assist in understanding the impacts of recently adopted accounting literature, particularly for guidance adopted since the beginning of the current fiscal year but prior to the Codification.

***Subsequent Events***

*(Included in Accounting Standards Codification ("ASC") 855 "Subsequent Events", previously SFAS No. 165 "Subsequent Events")*

SFAS No. 165 established general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or available to be issued ("subsequent events"). An entity is required to disclose the date through which subsequent events have been evaluated and the basis for that date. For public entities, this is the date the financial statements are issued. SFAS No. 165 does not apply to subsequent events or transactions that are within the scope of other GAAP and did not result in significant changes in the subsequent events reported by the Company. SFAS No. 165 became effective for interim or annual periods ending after June 15, 2009 and did not impact the Company's financial statements. The Company evaluated for subsequent events through the issuance date of the Company's financial statements. No recognized or non-recognized subsequent events were noted.

***Determination of the Useful Life of Intangible Assets***

*(Included in ASC 350 "Intangibles — Goodwill and Other", previously FSP SFAS No. 142-3 "Determination of the Useful Lives of Intangible Assets")*

FSP SFAS No. 142-3 amended the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under previously issued goodwill and intangible assets topics. This change was intended to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset under topics related to business combinations and other GAAP. The requirement for determining useful lives must be applied prospectively to intangible assets acquired after the effective date and the disclosure requirements must be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. FSP SFAS No. 142-3 became effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of FSP SFAS No. 142-3 did not impact the Company's financial statements.

***Noncontrolling Interests***

*(Included in ASC 810 "Consolidation", previously SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51")*

SFAS No. 160 changed the accounting and reporting for minority interests such that they will be recharacterized as noncontrolling interests and classified as a component of equity. SFAS No. 160 became effective for fiscal years beginning after December 15, 2008 with early application prohibited. The Company implemented SFAS No. 160 at the start of fiscal 2009 and no longer records an intangible asset when the purchase price of a noncontrolling interest exceeds the book value at the time of buyout. Any excess or shortfall for buyouts of noncontrolling interests in mature restaurants is recognized as an adjustment to additional paid-in capital in stockholders' equity. Any shortfall resulting from the early buyout of noncontrolling interests will continue to be recognized as a benefit in partner investment expense up to the initial amount recognized at the time of buy-in. Additionally, operating losses can be allocated to noncontrolling interests even when such allocation results in a deficit balance (i.e. book value can go negative).

**INFORMATION SYSTEMS ASSOCIATES, INC.**
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2009 AND 2008**

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Noncontrolling Interests*** (continued)

The Company presents noncontrolling interests (previously shown as minority interest) as a component of equity on its consolidated balance sheets. Minority interest expense is no longer separately reported as a reduction to net income on the consolidated income statement, but is instead shown below net income under the heading "net income attributable to noncontrolling interests." The adoption of SFAS No. 160 did not have any other material impact on the Company's financial statements.

***Consolidation of Variable Interest Entities — Amended***

*(To be included in ASC 810 "Consolidation", SFAS No. 167 "Amendments to FASB Interpretation No. 46(R)")*

SFAS No. 167 amends FASB Interpretation No. 46(R) "Consolidation of Variable Interest Entities regarding certain guidance for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. SFAS No. 167 is effective for the first annual reporting period beginning after November 15, 2009, with earlier adoption prohibited. The Company will adopt SFAS No. 167 in fiscal 2010 and does not anticipate any material impact on the Company's financial statements.

**Use of Estimates**

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

**Comprehensive Income**

Comprehensive income is the total of (1) net income (loss) plus (2) all other changes in the net assets arising from non-owner sources, which are referred to as comprehensive income. The Company has presented a statement of income which includes other comprehensive income.

**NOTE 2 – CASH AND CASH EQUIVALENT**

At times throughout the year the Company may maintain certain bank accounts in excess of the FDIC insured limits. At September 30, 2009 and December 31, 2008, the amounts on deposit at institutions were:

| | September 30, 2009 | December 31, 2008 |
|---|---|---|
| Wachovia Bank (FDIC insured to $250, 000 and $100,000 for 2009 and 2008, respectively) | $204,768 | |
| $ 54,240 | | |

**NOTE 3- PROPERTY AND EQUIPMENT**

| | September 30, 2009 | December 31, 2008 |
|---|---|---|
| Computer software (developed) | $ 161,003 | $ 32,614 |
| Computer software (purchased) | 590 | 590 |
| Web site development | 5,016 | - |
| Furniture, fixtures, and equipment | 27,225 | 23,093 |

| | | |
|---|---|---|
| | 193,834 | 56,297 |
| Less: accumulated depreciation and amortization | (38,856) | (35,129) |
| | | |
| | $ 154,978 | $ 21,168 |

Depreciation and amortization expense for the nine months ended September 30, 2009 and 2008 was $3,728 and $36,584, respectively.

**NOTE 4 – COMPUTER SOFTWARE DEVELOPED**

In 2009, the Company began development of an updated version of the "On Site Physical Inventory" (OSPI) product. During the year ended December 31, 2007, the Company completed the development of the initial version of, "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.

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 FASB Accounting Standards Codifications 350-40 "Internal Use Software" (formerly Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use") as follows:

| | **September 30, 2009** | **December 31, 2008** |
|---|---|---|
| Development costs | $ 266,789 | $ 138,400 |
| Software license agreement- payments received | (135,257) | (135,257) |
| Software license agreement- marketing costs | 29,471 | 29,471 |
| | 161,003 | 32,614 |
| Less: accumulated depreciation and amortization | (29,471) | (29,471) |
| | $ 131,532 | $ 3,143 |

**NOTE 5 – INVESTMENT**

On April 17, 2009, the Company entered into a strategic alliance agreement with Rubicon Software Group, lpc (a company registered under the laws of England and Wales). The Company will be Rubicon's exclusive agent in the United States for reselling Rubicon's software and services. In return, Rubicon will be a software development partner and provide consulting services to the Company.

**INFORMATION SYSTEMS ASSOCIATES, INC.**
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2009 AND 2008**

**NOTE 5 – INVESTMENT** (continued)

The Company has agreed to purchase 2,500,000 ordinary shares for a subscription price of $.02 (two pence) a share. The total cost of the subscription was $50,000 or $73,958, USD. Within ninety days of the subscription date, the Company could purchase an additional 2,500,000 shares at the same subscription price in British pounds. The ninety day period has lapsed with the Company not purchasing any additional shares.

Also, the Company has the ability, over the next three years, of subscribing to a maximum 5,000,000 warrant shares. Each warranted share will be at a subscription price of £.05 (five pence) per share and will be issued in offerings of 100,000 shares. The number of subscripted shares will be based on gross revenue received by Rubicon Software Group, lpc.

Securities investments not classified as either held-to-maturity or trading securities are classified as available-for-sale securities. Available-for-sale securities are recorded at fair value in investments and other assets on the balance sheet, with the change in fair value during the period excluded from earnings and recorded net of taxes as a component of other comprehensive income.

Available –for-sale securities were as follows:

| | September, 30 2009 | | | December 31, 2008 | | |
|---|---|---|---|---|---|---|
| | Cost | Market | Unrealized Gain (loss) | Cost | Market | Unrealized Gain (loss) |
| Type of securities: | | | | | | |
| Common stock | $ 73,968 | $ 75,210 | $ 1,242 | $ - | $ - | $ - |
| Total | $ 73,968 | $ 75,210 | $ 1,242 | $ - | $ - | $ - |

**NOTE 6 – FAIR VALUE MEASUREMENTS**

In 2009, the Company implemented FASB Accounting Standards Codification 850 "Fair Value Measurements and Disclosures" (formerly SFAS 157, "Fair Value Measurements"), relative to its financial assets and liabilities that are recognized or disclosed at fair value in the financial statements at least annually.

In determining the fair value of investments held by the Company, the Level 1 valuation technique of "Quoted Market Price in Active Market" was implemented as the Company was able to obtain a quote from the London Stock Exchange as of September 30, 2009.

As of September 30, 2009 the Company's investments that are carried at fair value on a recurring basis include the following:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Total | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Available –for-sale securities | $ 75,210 | $ 75,210 | $ - | $ - |

**NOTE 7 – NET (LOSS) PER SHARE**

Basic earnings per share (EPS) are computed by dividing net (loss) by the weighted average number of common shares outstanding. The dilutive EPS adds the dilutive effect of stock options and other stock equivalents. During the nine months ended September 30, 2009, outstanding options to purchase an aggregate of 15,000,000 shares of stock were excluded from the computation of dilutive earnings per share because the inclusion would have been anti-dilutive.

**NOTE 8 – INCOME TAXES**

| | 2009 | 2008 |
|---|---|---|
| Provision for income tax (credit) consists of: | | |
| Current accrual | $ - | $ - |
| Cumulative change in deferred income tax | $ - | 4,415 |
| | $ - | $ 4,415 |
| | | |
| Income tax receivable consists of the following: | | |
| Federal claim for refund | $ - | $ 637 |

The Company has the following net operating loss carryovers for income tax purposes:

| | | |
|---|---|---|
| Expiring 2025 | $ 204 | |
| Expiring 2026 | 82,899 | |
| Expiring 2027 | 131,828 | |
| Expiring 2028 | 236,311 | |
| | | $451,242 |

**NOTE 9 – SUPPLEMENTAL CASH FLOW INFORMATION**

Supplemental disclosures of cash flow information for the periods ended September 30, 2009 and 2008 are summarized as follows:

| | 2009 | 2008 |
|---|---|---|
| Cash paid during the periods for interest and Income taxes: | | |
| Income taxes | $ - | $ - |
| Interest | $ - | $ 1,343 |
| | | |
| Non-Cash Investing Activities: | | |
| Balance of consulting services for contributed capital | $ 518,438 | $ - |
| Additional consulting services for contributed capital | 262,500 | 975,000 |
| Consulting services prepaid for future months | (263,750) | (724,500) |
| Non-cash expense of consulting services for contributed capital | $ 517,188 | $ 250,500 |

**NOTE 10 – OPERATING LEASE**

The Company leases it Palm City, Florida facility. The lease requires monthly payments of $1,400. The lease commenced on June 1, 2007 and expired on May 31, 2008. This lease was renewed for an additional year, concluding May 31, 2009.

**INFORMATION SYSTEMS ASSOCIATES, INC.**
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2009 AND 2008**

**NOTE 10 – OPERATING LEASE** (continued)

On March 2, 2009 the lease was renewed for $1,200 per month. The Company holds an additional option to renew the lease "at the market price." This renewed lease goes into effect June 1, 2009. The rent expense as of September 30, 2009 and 2008 was $12,780 and $13,952, respectively.

**NOTE 11 – LINE OF CREDIT**

The Company has a line of credit with Wachovia Bank N.A. The line of credit provides for borrowings up to $40,000. The balance as of September 30, 2009 and 2008 was $0. The interest rate is the Prime Rate plus 3%. The President of the Company is a personal guarantor on the line of credit.

**NOTE 12 – NOTE PAYABLE**

The Company has incurred short term financing for the purchase of insurance. The note was for $9,735. The interest rate on the debt is 4.959% and will be repaid May 31, 2010. The outstanding balance as of September 30, 2009 is $ 5,242.

**NOTE 13 – COMMON STOCK**

In 2008, the Company entered into an agreement with Derek J. Leach ("Leach") to purchase common stock. Under terms of the agreement, the Company will issue 2,000,000 shares at $0.25 per share for total proceeds of $500,000 over a period of five months. The Company had waived the five month period. The purchases of stock are as follows:

| Date | # of Shares | Amount |
|---|---|---|
| 7/15/08 | 400,000 | $ 100,000 |
| 12/31/08 | 600,000 | $ 150,000 |
| 4/22/09 | 400,000 | $ 100,000 |
| 07/23/09 | 600,000 | $ 150,000 |
| | 2,000,000 | $ 500,000 |

**NOTE 14 – SHARE BASED PAYMENTS FOR SERVICES**

On July 31, 2008, the Company formalized an agreement in place since January 1, 2008, to receive a variety of consultant services for 500,000 shares of the Company's common stock. The stock was valued at a prevailing market rate of $0.25 per share. The agreement was concluded on September 1, 2008 and stock was issued.

On September 12, 2008, the Company entered into agreements with three companies to receive a variety of consulting services. Each agreement has a term of one year starting August 1, 2008 and remuneration will be $250,000 per annum. Each subsequent year, the annual rate will increase $12,500 while the agreement is in effect. The Company has the option of paying the consultants in cash or common stock. The Company has decided to issue 1,000,000 shares of stock to the consulting firms as payment for services. The value of stock will be at $0.25 per share. A pro-rata portion of this agreement of $481,250 and $125,000 has been expensed for the nine months ended September 30, 2009 and 2008, respectively.

All three consultants were issued a series of options as follows:

1,000,000 share option to acquire shares at $1.00 per share
1,000,000 share option to acquire shares at $2.00 per share
1,000,000 share option to acquire shares at $3.00 per share
1,000,000 share option to acquire shares at $4.00 per share
1,000,000 share option to acquire shares at $5.00 per share

To determine the valuation of the options, FASB Accounting Standards Codification 718, "Compensation – Stock

Compensation" (formerly FASB 123(R)) requires a valuation technique to estimate the fair value of the options issued. The Black-Sholes Model incorporates the various characteristics for proper valuation. As of September 30, 2008, the valuation of the options was determined to be $0.

Following is a summary of the status of options outstanding as of September 30, 2009 and 2008 respectively:

| | For the Nine Months Ended September 30, 2009 | | For the Nine Months Ended September 30, 2008 | |
|---|---|---|---|---|
| | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Outstanding at beginning of year | 15,000,000 | $ 3.00 | - | $ - |
| Granted | - | - | 15,000,000 | 3.00 |
| Exercised | - | - | - | - |
| Forfeited | - | - | - | - |
| Expired | - | - | - | - |
| Outstanding at end of period | 15,000,000 | $ 3.00 | 15,000,000 | $ 3.00 |
| Exercisable at end of period | 15,000,000 | $ 3.00 | 15,000,000 | $ 3.00 |
| Outstanding | | | | |
| Weighted average remaining contractual term | | 2.00 | | 3.00 |
| Aggregated intrinisic value | | - | | - |
| Weighted average grant date fair value | | - | | - |
| Exercisable | | | | |
| Weighted average remaining contractual term | | 2.00 | | 3.00 |
| Aggregated intrinisic value | | - | | - |

On July 7, 2009 a notice of non renewal was forwarded to two of three companies, but one remaining company will continue providing services starting August 1, 2009 at an agreed to rate of $262,500.

On September 8, 2008, the Company entered into an agreement to receive consulting services. The consultants will provide 400 hours of service for 100,000 shares of common stock. All services will be accounted for at a rate of $250 an hour. 29.0 hours at a cost of $7,250 were recorded as expense for the three months ended September 30, 2009. 143.75 and 2 hours at a cost of $35,938 and $500 were recorded as expense for the nine months ended September 30, 2009 and 2008.

**NOTE 15 – MAJOR CUSTOMERS**

Two major customers accounted for $565,584 and $602,726 of revenue for the nine months ended September 30, 2009 and 2008, respectively. These amounts represent 91% and 83% of the Company's revenue for the nine months ended September 30, 2009 and 2008, respectively.

As of September 30, 2009 and 2008, these customers accounted for 66% and 84% of accounts receivable, respectively.

## 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 maintained 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.

In 1995, we became 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). At that time, Aperture's Network Management tools ("System"), was one of the leading solutions in it field. For more than 10 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 ISA's 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, 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 the vendor's software as 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 ISA's management team. After reviewing the methods and technology in use at that time (1st 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. The result was that by year end of 2007 OSPI™ **(ON SITE PHYSICAL INVENTORY™)** was available for resale.
Our customer list includes a number of leading organizations, such as Northrop Grumman Electronic Systems, Charles Schwab, Bank of America, Comcast Communications and General Electric.

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 and to develop plans for relocations, mergers and acquisitions as it relates to the use of space (office, manufacturing, warehousing).

On April 17, 2009, we entered into a strategic alliance and became an investor with Rubicon Software Group, plc. This agreement will create an opening into the European market as well as provide cost effective software development.

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 and to software application products used by Data Center Management (Information Technology) to track their computer assets from a financial perspective as well as their usage and connectivity within the corporate IT (Information Technology) network.

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PRODUCTS AND SERVICES

Aperture's VISTA

Historically, IT organizations have operated as reactive cost centers that customized one-off services for 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 high 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 facts 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 provides IT Management with the key information and intelligence to reduce operational risk and improve efficiency in the data center.

VisionFM

Vision FM 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 tracts the asset from purchase through to disposition including depreciation, maintenance history, condition, warranties and insurance.

RACKWISE DMC

RACKWISE DMC™ 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 and marketing of datacenters
- Auto-build visual documentation from imported bill of materials
- Advanced operations and 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 and document the datacenter in minutes

Rubicon Software Group

Rubicon Software works closely with organizations to develop customized software solutions.

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.

We will soon be offering version 2 of **ON SITE PHYSICAL INVENTORY™**.

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 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 concluded two data collection opportunities with Forsythe.

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' customers. We have entered into an agreement with TSS and have begun data collection services for two TSS clients.

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, such as Northrop Grumman, General Electric and Comcast Communications. 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.

We began our relationship with General Electric in 2008. We began by providing data center audit services. This was followed by providing data collection services. In September, 2008 GE purchased one of the first licenses for OSPI and all the related handheld devices and support services.

SALES AND MARKETING

We market our services primarily through referrals from companies with whom ISA has either a reseller's 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.

Our strategic alliance agreement with Rubicon will create an opportunity to begin marketing, initially in the United Kingdom through current Rubicon clients and then eventually throughout Europe.

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) whose 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. Production involves the development of reusable applications to reduce programming time and costs for customer implementations.

The strategic alliance agreement with Rubicon has allowed for the rewrite of **ON SITE PHYSICAL INVENTORY™**, version 2, on budget and within the prescribed time frame. This relationship will also provide more favorable pricing for future software development. In the third quarter of 2009, we began BETA testing **ON SITE PHYSICAL INVENTORY™**, version 2.

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 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 vendors 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. A prime example of this investment is **ON SITE PHYSICAL INVENTORY™**, version 2 which will provide a cost efficient solution.

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 solution; 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 a 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 in 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 DMC software installation, data import (using the data collected previously) and client training in the use of the RACKWISE DMC 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 has 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 AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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 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 FASB Accounting Standards Codification 605-25, "Revenue Recognition" (formerly 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 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 these 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 September 30, 2009.

**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 fir value of the assets.

**Software Development Costs**

We account for costs incurred to develop computer software for internal use in accordance with FASB Accounting Standards Codifications 350-40 "Internal Use Software" (formerly Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use") As required FASB ASC 350-40, we capitalize the costs incurred during the application development state, 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 cost, warranty and service obligations, and installation cost, 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 $271,533 and $606,865 for the three and nine months ended September 30, 2009, respectively, compared to gross revenues of $333,210 and $1,062,499, respectively, for the three and nine months ended September 30, 2008. The decrease is primarily due to the economy. In the current economic environment, current clients are finding it difficult to maintain previous levels of business. Also, in order to attract new clients in 2009, the Company has had to reduce the amounts it charges for data discovery by 15 percent. Management feels this is a trend that will continue through 2009. Finally, a project with a new client, originally set to begin in 2009, has been delayed as the client's security team continues its validation process.

Our strategic alliance agreement with Rubicon in the long-term should create new revenue streams by giving us access to the European market and allowing the timely offering of **ON SITE PHYSICAL INVENTORY™**, version 2.

**Income / Loss**

We had net losses of $145,696 and $656,592 for the three and nine months ended September 30, 2009, respectively, compared to net losses of $319,028 and $301,038, respectively, for the three and nine months ended September 30, 2008. The reduction in the net loss for the three months ended September 30, 2009 was the result of the Company reducing administrative and general expenses by $143,322 and reducing professional fees by $92,616. These reductions were partially offset the decline in revenues. The increase in the net loss for the nine months ended September 30, 2009 was primarily the result of a decline in revenues of $455,634 and an increase in professional fees of $138,316, which resulted from our entering into several consulting agreements in September 2008. We expect long term benefits from these agreements. There can be no assurance that we will achieve or maintain profitability or that we can achieve and sustain revenue growth in the future.

**Expenses**

Operating expenses for the three and nine months ended September 30, 2009 were $416,606 and $1,228,614, respectively, compared to the operating expenses of $644,298 and $1,320,360, respectively, for the same period ended September 30, 2008, Operating expenses for the three months ended September 30, 2009 decreased $227,692 as a result of decreases in administrative and general expenses of $143,322 and professional fees of $92,616. Operating expenses for the nine months ended September 30, 2009 decreased as a result of a decrease in administrative and general expenses of $263,968 which were partially offset by increases in payroll and payroll taxes and professional fees of $33,906 and $138,316, respectively.

**Income Taxes**

There was no income tax benefit or expense recorded for the three and nine months ended September 30, 2009. There was an income tax benefit of $4,415 and $0 recorded for the three and nine months ended September 30, 2008.

**Impact of Inflation**

We believe that inflation has had a negligible effect on operations during the nine months ended September 30, 2009 and 2008. 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 $194,274 during the nine months ended September 30, 2009, compared to cash flows of $131,468 used in operations during the same period ended September 30, 2008. Cash flows used in operations during the nine months ended September 30, 2009 were primarily attributable to a net loss of $656,592 and partially offset by the issuance of stock for services of $517,188. Cash flows used in operations during the nine months ended September 30, 2008 were primarily attributable to a net loss of $301,038 the increase in accounts receivable by $137,100 and partially offset by the issuance of stock for services of $250,500.

Cash flows used in investing activities were $211,496 during the nine months ended September 30, 2009, compared to cash flows of $78,471 provided by investing activities for the same period ended September 30, 2008. Cash flows used in investing activities in 2009 were attributable to $128,389 in costs incurred for software development (OSPI, v2) and web page design and $73,958 used in the purchase of common stock in Rubicon Software Group, plc. Cash flows provided by investing activities in 2008 were attributable to $106,010 in payments received on a software license agreement, offset by the marketing cost of software licenses agreement of $18,041, and purchase of property and equipment of $9,497.

Cash flows provided for from financing activities were $255,242 for nine months ended September 30, 2009 and attributed to proceeds from the issuance of common stock and incurring of a note payable. Cash flows provided for from financing activities for nine months ended September 30, 2008 were $90,970 and was attributable to proceeds from the issuance of common stock less repayment of a line of credit.

We had cash on hand of $54,240 and net working capital of $431,642 as of September 30, 2009. 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 had the ability to pay three consulting agreements with capital. This has favorably impacted our working capital situation. If there is any shortfall in working capital we will then need to obtain additional capital through equity or debt financing to sustain operations for an additional year. 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.
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 4. CONTROLS AND PROCEDURES

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

From time to time we are involved in legal proceedings arising in the ordinary course of our business. On April 24, 2009, Phuture World, Inc. filed a complaint in the case captioned Phuture World, Inc. v. Information Systems Associates, Inc. and Joseph Coschera, Case No. 562009 CA 3086, 19th Judicial Circuit in and for St. Lucie County Florida. Phuture World alleges that the Company and its President breached the terms of a certain software development contract, and it seeks damages in excess of $15,000. The Company terminated the software contract at issue in the case prior to the filing of the case, and it no longer uses the services of Phuture World. The Company is contesting this lawsuit and believes that it has defenses to the claims made by Phuture World and that the allegations made against the President, who acted at all time on the Company's behalf in dealing with the plaintiff, are frivolous. The Company intends to vigorously defend itself and believes that it has damage claims of its own that it intends to pursue against Phuture World for Phuture World's failure to provide the software required under the contract between Phuture World and the Company. The Company believes that the outcome of this lawsuit will not have a material adverse effect on our financial condition, cash flows or results of operations.

### 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 2008 Annual Report on Form 10-K. There have been no material changes from the risk factors previously disclosed in our 2008 Annual Report on Form 10-K.

### 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

| Exhibit No. | Description |
|---|---|
| 31.1 | Certification of Chief Executive Officer (Section 302) |
| 31.2 | Certification of Principal Financial Officer (Section 302) |
| 32.1 | Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. |

Reports on Form 8-K filed

(1) On April 21, 2009, we filed a current report on Form 8-K to announce a Consulting Agreement with Rubicon Software Group, plc.

**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.

| | | |
|---|---|---|
| | | Information Systems Associates, Inc. |
| Date: November 6, 2009 | By: | /s/ Joseph P. Coschera<br>Joseph P. Coschera<br>President and CEO<br>Information Systems Associates, Inc. |
| Date: November 6, 2009 | By: | /s/ Michael R. Hull<br>Michael R. Hull<br>Chief Financial Officer |

**EXHIBIT 31.1** Certifications

I, Joseph P. Coschera, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Information Systems Associates, Inc.

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a–15(f) and 15d–15(f)) 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, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. 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

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2009

/s/ Joseph P. Coschera
Joseph P. Coschera
Chief Executive Officer

**EXHIBIT 31.2** Certifications

I, Michael R. Hull, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Information Systems Associates, Inc.

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a–15(f) and 15d–15(f)) for the registrant and have:

    c. 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, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    d. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    e. 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

    f. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    g. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    h. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2009

/s/ Michael R. Hull
Michael R. Hull
Chief Financial Officer

**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. (the "Company") for the nine months ended September 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), I, Joseph P. Coschera, Chief Executive Officer of the Company, certify that:

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

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

/s/ Joseph P. Coschera

Joseph P. Coschera
Chief Executive Officer
Date: November 6, 2009

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 the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

**EXHIBIT 32.2**

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. (the "Company") for the nine months ended September 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), I, Michael R. Hull, Chief Financial Officer of the Company, certify that:

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

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

<u>/s/ Michael R. Hull</u>
Michael R. Hull
Chief Financial Officer

Date: November 6, 2009

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 the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.