

EFFECTIVE PROFITABLE SOFTWARE, INC.
Form 10KSB/A
October 03, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1 TO FORM 10-KSB

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005

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

For the transition period from _____ to _____

Commission File number 000-50494

EFFECTIVE PROFITABLE SOFTWARE, INC.

(Name of small business issuer in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

98-0412432
(IRS Employer Identification No.)

1 Innwood Circle, Suite 209, Little Rock, Arkansas
(Address of principal executive offices)

72211
(Zip Code)

(501) 223-3310
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class registered:
None

Name of each exchange on which registered:
None

Securities registered under Section 12(g) of the Exchange Act:

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Common Stock, par value \$.0001

(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.

Yes No

Revenues for year ended December 31, 2005: \$0

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Aggregate market value of the voting common stock held by non-affiliates of the registrant as of December 31, 2005 and June 12, 2006 was: \$0

Number of shares of the registrant's common stock outstanding as of June 12, 2006 was: 53,480,000

Transitional Small Business Disclosure Format: Yes No

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

Business Development

We were incorporated in the State of Delaware under the name Modena 2, Inc. on November 18, 2003 to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. On September 8, 2004, pursuant to an agreement between us, Chris Penner, Don Bratcher and Gary Moore (Agreement), Gary Moore and Don Bratcher purchased all of our issued and outstanding shares of common stock. We had been in the developmental stage since inception and have no operations to date other than issuing shares.

On May 10, 2005, pursuant to a Stock Purchase Agreement and Share Exchange between us and EPS, Inc., an Arkansas corporation, and the shareholders of EPS, we purchased all of the outstanding shares of EPS for the issuance of 10,156,000 shares of our stock to the EPS shareholders. Pursuant to the Agreement, EPS became a wholly owned subsidiary of the Company. Pursuant to the terms of the Agreement, we filed Articles of Amendment with the State of Delaware changing our name to Effective Profitable Software, Inc.

Based on the acquisition of EPS we changed our business focus to become a financial markets evaluation software company which focuses on bringing affordable evaluation tools to the general public. We are based in Little Rock, Arkansas and are led by Don Bratcher, Gary Moore and Richard Torti. We use in house proprietary software for evaluation of markets, stocks, commodities, and other financial instruments. We have developed an innovative evaluation system we call the TimingWave. At the center of the system is a 100% mechanical, unemotional timing model that is both powerful and simple to use. The system's web-based access will make it both affordable and accessible and our evaluations will be easily understood.

On May 20, 2005, our directors and shareholders approved a 5-1 forward split of our outstanding common shares increasing the amount of shares owned by these shareholders to 51,280,000 shares.

Our Company

We are a financial markets evaluation software company that will focus on bringing affordable evaluation tools to the general public. Our business model is to use in house proprietary software for evaluation of markets, stocks, commodities, and other financial instruments.

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We have developed an innovative evaluation system we call TimingWave . At the center of the system is a 100% mechanical, unemotional timing model that is both powerful and simple to use. Its web-based access will make it both affordable and accessible, and its evaluations are easily understood.

We believe that we will be able to leverage the proprietary evaluation system to quickly gain market share. Priced at less than a dollar a day, it will have user friendly functions that produce reliable and clear evaluations for our subscribers.

Market

We will concentrate on the unserved masses that are overlooked and often ignored by the larger financial houses. Financial advisors, financial analysts, CPA s, and financial services sales agents will be targeted with free access so they can introduce clients to the software. Money managers will be given demonstrations on the evaluation ability of the software in order to acquire evaluations contracts.

Management Team

Our management team has combined experience in sales, banking, management, accounting, and technical evaluation. All members of our management team share the same desire to bring an affordable evaluation system to the public.

Timing Wave

Our objective is to provide an effective, affordable evaluation tool for the average investor to enhance and protect his or her portfolio. We intend to create a loyal customer base by providing excellent results, continuing education, and accurate expectations. We believe we will be able to maintain a motivated and creative workforce who share the same purpose of customer satisfaction. We want to provide any person who wants to actively manage their investment portfolios with the instructions and tools to do so at an affordable cost.

Services

We will produce proprietary software that evaluates stocks, commodities, indexes, bonds, and currencies. This software is a technical indicator-based system that is fast and effective in evaluating markets. The software is easy to learn and gives high probability trades. It is capable of analyzing any market and is just as effective with stocks and bonds as it is with commodities and indexes. Training materials will be provided for all software subscribers. If a subscriber chooses to, they can attend instructional seminars where a Power Point presentation will be presented to them along with the use of the training materials. The seminars will be held in various locations throughout the country and admission is free, although reservations will be mandatory in order to allow EPS to prepare for the number of participants. If a subscriber chooses not to attend the seminars, they will be given passwords in order to gain access to an on-line system which will provide them with the training materials.

Market Analysis Summary

Trading platforms such as TradeStation, eSignal, and MetaStock have a total of approximately 500,000 subscribers. We intend to build our software on their platforms. Subscriptions will be made on-line through our website and access for each platform will be linked. Software engineers are working on TradeStation now and we have built the system on MetaStock, which unfortunately has the least subscribers. Our target goal is TradeStation which has the largest number of subscribers.

Professional traders, as well as companies operating trade platforms, will be contacted. The software is interfaced with their trading platforms, and the trading fees that are generated by the system will be shared. Hedge funds, money managers, and mutual funds will be solicited for designing proprietary systems suited to their particular requirements. We also address a previously ignored niche: the small investor. By making the evaluation systems affordable, we will provide the small investor an instrument to enhance his or her earnings and protect his or her portfolio.

Service Business Analysis

The majority of evaluation programs are designed for the professional or institutional trader; they are typically complicated with confusing language. We are different because our programs are written for the novice in mind and we do not use complicated indicators or subjective strategies. All markets do one of three things: go up, go down, or go sideways. Complicated charts with numerous indicators tend to confuse

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rather than clarify. The purpose of our system is to help the investor decide whether they should be in or out of a given market, stock, or other investment.

We will attempt to leverage the proprietary evaluation system to quickly gain market share. The system is convenient and based on extensive research, providing a reliable model for evaluation of both markets and stocks.

We intend to hold seminars throughout the country to educate the consumer on the product they are buying. Outside agents will arrange and conduct the seminars. The agents will make a scripted Power Point presentation, demonstrating the evaluation software and how to read the indicators. Direct mail and email advertising will be used as well. These forms of advertising offer free access and instructions on the use of the evaluation software s various programs. We also intend to begin a weekly, interactive class for subscribers in case they have any questions they need clarified.

Web Plan Summary

Our website will have several different functions. It will be used as a marketing tool and it will allow subscribers to access the evaluation software. The site will also give subscribers opinions on strategies and historic data along with third party validation of the performance of our evaluation system. Paypal will be used to handle all internet subscriptions on the site. A weekly TimingWave instructional and interactive class will also be provided, along with a glossary and answers to FAQ s.

Competition

Countless market timing websites are available each having particular systems and markets with various time periods and indicators. We are not similar to that type of market timing service since we are a trading tool which indicates when certain market conditions exist for a high probability trade. The website will contain software in which the subscriber will be able to test results historically and it will give the most advantageous stop loss level. The indicators that collaborate to produce the market signal are simple and not subjective. We do not believe that TimingWave has any real or specific competition but we just do not have any name recognition. In order to rectify this we intend to market the TimingWave with a free one month subscription. We are confident once people are exposed to the simple but profitable TimingWave our subscription members will grow dramatically.

ITEM 2. DESCRIPTION OF PROPERTY

Our executive offices are located at 1 Innwood Circle, Suite 209 Little Rock, Arkansas 72211. This office space is leased to us pursuant to a month-to-month lease which commenced October 2005. Pursuant to the terms of the lease we pay \$250 a month for this property and we believe that this space is sufficient and adequate to operate our current business.

ITEM 3. LEGAL PROCEEDINGS

There is no litigation pending or threatened by or against us.

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

None.



PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

No Public Market for Common Stock

There is presently no public market for our common stock.

Holdings

As of June 12, 2006, there are approximately 39 holders of our common stock.

Dividends

Since inception we have not paid any dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future on our common stock, when issued pursuant to this offering. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our Board of Directors will have the discretion to declare and pay dividends in the future.

Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our Board of Directors may deem relevant.

Recent Sales of Unregistered Securities

On May 10, 2005, pursuant to a Stock Purchase Agreement and Share Exchange between us and EPS, Inc., an Arkansas corporation, and the shareholders of EPS, we purchased all of the outstanding shares of EPS for the issuance of 10,156,000 shares of our stock to the EPS shareholders. Pursuant to the Agreement, EPS became a wholly owned subsidiary of the Company. Pursuant to the terms of the Agreement, we filed Articles of Amendment with the State of Delaware changing our name to Effective Profitable Software, Inc.

On May 20, 2005, our directors and shareholders approved a 5-1 forward split of our outstanding common shares increasing the amount of shares owned by these shareholders to 50,780,000 shares.

Equity Compensation Plan Information

The following table sets forth certain information as of June 12, 2006, with respect to compensation plans under which our equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation Plans approved by Security holders	None		
Equity compensation Plans not approved By security holders	None		
Total			

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our financial condition. The discussion should be read in conjunction with our financial statements and notes thereto appearing in this prospectus. The following discussion and analysis contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ significantly from the results, expectations and plans discussed in these forward-looking statements.

Overview

On May 10, 2005, pursuant to a Stock Purchase Agreement and Share Exchange between us and EPS, Inc., an Arkansas corporation, and the shareholders of EPS, we purchased all of the outstanding shares of EPS for the issuance of 10,156,000 shares of our stock to the EPS shareholders. Pursuant to the Agreement, EPS became a wholly owned subsidiary of the Company. Pursuant to the terms of the Agreement, we filed Articles of Amendment with the State of Delaware changing our name to Effective Profitable Software, Inc.

Based on the acquisition of EPS we changed our business focus to become an evaluation software company which focuses on bringing affordable evaluation tools to the general public. We are based in Little Rock, Arkansas and are led by Don Bratcher, Gary Moore and Richard Torti. We use in house proprietary software for evaluation of markets, stocks, commodities, and other financial instruments. We have developed an innovative financial markets evaluation system we call the TimingWave. At the center of the system is a 100% mechanical, unemotional timing model that is both powerful and simple to use. The system's web-based access will make it both affordable and accessible and our evaluations are easily understood.

On May 20, 2005, our directors and shareholders approved a 5-1 forward split of our outstanding common shares increasing the amount of shares owned by these shareholders to 50,780,000 shares.

Plan of Operations

During the next twelve months, we expect to take the following steps in connection with the operations:

Initially we plan to prepare and execute a marketing plan to develop our subscription base. The majority of our member base will be obtained from two sources: search engine results and links placed in online market timing directories via link exchange programs. We anticipate that within thirty to sixty days, a comprehensive marketing plan will be developed. We expect to spend approximately \$5,000 on marketing in the areas of Keyword Advertising and Sponsored Links through Google, FindWhat, and other similar targeted keyword programs. Another area that we will vigorously pursue as part of our marketing and branding program is search engine placement. By continuing to work to optimize the site, and by increasing the number of links to the site, we feel we can receive better search results and search engine saturation, which in turn directs more traffic to the website. In addition to our internet based effort we intend to advertise in national papers Wall Street Journal, USA Today we anticipate additional subscriptions from word of mouth.

In the latter part of 2006 we intend to charge a subscription fee for our services. We believe our programs are so unique and accurate that no active subscription members will be affected and we intend to inform them when they subscribe that this is an initial offer and prices will increase. We currently have enough cash to satisfy our minimum cash requirements for the next 6 months to maintain our operations. However, we may require additional funds to increase marketing, to expand international and for further development of our Website.

We currently do not have enough cash to satisfy our minimum cash requirements for the next twelve months. In addition, we will require additional funds to increase marketing, to expand operations, and for further development of our website. No significant purchases of equipment are anticipated; however, a substantial surge in traffic and/ or membership could necessitate the purchase of additional servers.

As reflected in the accompanying financial statements, we are in the development stage with limited operations. This raises substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise additional capital and implement our business plan. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Capital Resources and Liquidity.

Our audited balance sheet as of December 31, 2005 reflects assets of \$8,540 consisting of cash of \$2,335, property and equipment of \$4,655, deposits of \$750, and pre-paid expenses of \$800. Total liabilities as of December 31, 2005 were \$42,772 consisting of accounts payable of \$8,187 and stockholder loans of 34,585.

As of December 31, 2005, we had \$2,335 in cash. Our general and administrative expenses are expected to average \$5,000 per month for the next 12 months based upon our projected operating budget. We currently do not have enough cash to satisfy more than one year of operations without receiving additional funds from our President or additional investors

Going Concern Consideration

The report of our independent registered public accounting firm on our December 31, 2005 audited financial statements contains an explanatory paragraph expressing uncertainty with respect to our ability to continue as a going concern. As reflected in the accompanying audited financial statements, we are in the development stage. We have no operations and have had recurring losses since inception and an accumulated deficit of \$161,565. Accordingly, there is substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise additional capital and implement our business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. We believe that actions presently being taken to obtain additional funding and implement our strategic plans provide the opportunity for us to continue as a going concern.

Recent Accounting Pronouncements

In May 2005, the FASB issued SFAS 154, Accounting Changes and Error Corrections. This Statement replaces APB Opinion No., 20, Accounting Changes, and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements, and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 also requires that a change in depreciation, amortization or depletion method for long-lived, non financial assets be accounted for as a change in accounting estimate effected by a change in accounting principle. This Statement is effective in fiscal years beginning after December 15, 2005. The Company has not yet determined the effect of implementing this standard.

Critical Accounting Policies

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States (GAAP). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use if estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 1 of our financial statements. While all these significant accounting policies impact our financial condition and results of operations, Our views certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Events Subsequent to Fiscal Year End December 31, 2005

Common Stock Issued for Cash

On January 6, 2006, we issued 500,000 restricted shares of our common stock to William D. Joyce, Jr. for cash consideration of \$.02 per share for an aggregate purchase price of \$10,000. Such shares were issued in reliance on an exemption from registration provided by Section 4(2) of the Securities Act of 1933. No commissions were paid for the issuance of such securities.

On April 3, 2006, we issued 1,200,000 restricted shares of our common stock to Jimmy Carden for cash consideration of \$.02 per share for an aggregate purchase price of \$24,000. Such shares were issued in reliance on an exemption from registration provided by Section 4(2) of the Securities Act of 1933. No commissions were paid for the issuance of such securities.

ITEM 7. FINANCIAL STATEMENTS

EFFECTIVE PROFITABLE SOFTWARE, INC.

(A DEVELOPMENT STAGE COMPANY)

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PAGES	6 - 10	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Restated)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of:

Effective Profitable Software, Inc. and Subsidiary

(A Development Stage Company)

We have audited the accompanying consolidated balance sheet of Effective Profitable Software, Inc. and subsidiary (a development stage company) as of December 31, 2005 and the related statements of operations, changes in stockholders' deficit and cash flows for the year ended December 31, 2005 (Consolidated), the period from February 23, 2004 (inception) to December 31, 2004 and the period from February 23, 2004 (inception) to December 31, 2005 (Consolidated). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Effective Profitable Software, Inc. and subsidiary (a development stage company) as of December 31, 2005 and the results of its operations and its cash flows for the year ended December 31, 2005 (Consolidated), the period from February 23, 2004 (inception) to December 31, 2004 and the period from February 23, 2004 (inception) to December 31, 2005 (Consolidated) in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company is in the development stage with no revenue, a working capital deficiency of \$40,437, a stockholders' deficiency of \$34,232 and has a negative cash flow from operations of \$73,459 from inception. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans concerning this matter are also described in Note 4. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WEBB & COMPANY, P.A.

Boynton Beach, Florida

May 25, 2006 (EXCEPT FOR NOTE 2 FOR WHICH THE DATE IS SEPTEMBER 27, 2006)

EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET (Restated)

AS OF DECEMBER 31, 2005

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 2,335
Total Current Assets	2,335
PROPERTY AND EQUIPMENT, NET	4,655
OTHER ASSETS	
Deposits	750
Prepaid expense	800
Total Other Assets	1,550
<u>TOTAL ASSETS</u>	\$ 8,540
<u>LIABILITIES AND STOCKHOLDERS DEFICIENCY</u>	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 8,187
Stockholder loans	34,585
TOTAL LIABILITIES	42,772
STOCKHOLDERS DEFICIENCY	
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 51,780,000 shares issued and outstanding	5,180
Additional paid in capital	121,153
Accumulated deficit during development stage	(161,565)
Total Stockholders Deficiency	(34,232)
<u>TOTAL LIABILITIES AND STOCKHOLDERS DEFICIENCY</u>	\$ 8,540

See accompanying notes to consolidated financial statements.

EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2005 (Consolidated)(Restated)	For the Period from February 23, 2004 (Inception) to December 31, 2004	For the Period from February 23, 2004 (Inception) to December 31, 2005 (Consolidated)(Restated)
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
General and administrative	42,475	109,466	151,941
Total Operating Expenses	42,475	109,466	151,941
LOSS FROM OPERATIONS	(42,475)	(109,466)	(151,941)
OTHER INCOME (EXPENSE)			