

EFFECTIVE PROFITABLE SOFTWARE, INC.  
Form 10KSB  
March 27, 2007

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**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, 2006**

- 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:	Name of each exchange on which registered:
<b>None</b>	<b>None</b>

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

**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

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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, 2006: \$0

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

Number of shares of the registrant's common stock outstanding as of March 23, 2007 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.

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.

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### 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 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.

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## 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.

### **Holder**

As of March 20, 2007, 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.

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### 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 51,280,000 shares.

### Equity Compensation Plan Information

The following table sets forth certain information as of March 20, 2007, 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		
<b>Total</b>			

### 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 51,280,000 shares.

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## 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. Link exchange means placing your website address on another website for advertising. You can opt to pay on a "per-click" basis or by allowing the other website to advertise on your website.

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.

Once the trading system (Timingwave) is built on Trade Station and E-signal, which we expect to be completed in 3 to 5 months, a free 30-day trial will be offered to all existing platform subscribers for both signal and trade station clients, which total 540,000 clients. We expect the cost to build the Timingwave on Trade Station and Signal to be \$25,000 to \$40,000. Once we achieve our goal of 1,000 subscribers, we should have the funds to advertise and hire salesmen to solicit enough funds to reach our next goal of 10,000 additional subscribers. Our ultimate goal is \$100,000,000 in managed money for clients using the Timingwave signals.

Tutorials to use the indicators will be provided on the website. Those satisfied with the indicators may subscribe online. Links will be provided to trade platforms to allow the subscribers to access the Timingwave signals. Certified Fund managers will solicit clients on the website and by seminars and direct contact with Money managers and wealthy individuals, with a performance incentive of 20% profit per quarter. Advertising will be done on the internet through Google, and in print ads that will refer potential customers to our website for detailed explanations of fees and historical results. We anticipate acquiring 1000 subscribers from the free trial period. In the first quarter of 2007, we intend to charge a subscription fee of \$300 per quarter for our services. We intend to inform our existing customers when they subscribe that this is an initial offer and prices will increase. Income from initial subscribers will provide funds for advertising for additional subscribers and salesmen to be hired to contact wealthy individuals and money managers to solicit funds and subscriptions. A model Portfolio of \$100,000 will be created and results will be posted daily. Our current hypothetical portfolio is up 55%.

We do not have enough cash to satisfy our minimum cash requirements for the next twelve months. We require additional funds to increase marketing, to expand operations, and for further development of our website. Gary Moore, our President, has verbally agreed to provide us with the funds that we need until we start producing revenue or can acquire funds from other sources. 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 and have not yet commenced 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.

EPS, Inc. continues to record real time trades in order to give a history of the software's performance. The industry standard is a minimum of one year's results. We have now 9 months of data. Rosenthal & Collins, our only client, is independently testing the system. We are working on building it's software on the trade station platform which will

enable us to offer it to over 500,000 subscriber. We do not have a target date for this completion. However once this is completed we intend to commence a print and internet based marketing program.

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### **Capital Resources and Liquidity.**

Our audited balance sheet as of December 31, 2006 reflects assets of \$5,961, consisting of cash of \$1,230, property and equipment of \$3,731, deposits of \$750, and prepaid expenses of \$250. Total liabilities as of December 31, 2006 were \$59,548, consisting of accounts payable of \$18,951 and stockholder loans of \$40,597.

As of December 31, 2005, we had 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, 2006, we had \$1,230 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 one month 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, 2006 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 \$(272,168). 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.

### **Critical Accounting Pronouncements**

Our significant accounting policies are summarized in Note 1 of our financial statements.

We have adopted the following accounting standards. While all of these significant accounting policies impact our financial condition, our views of these policies are 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:

We recognize revenue on arrangements in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" and No. 104, "Revenue Recognition". In all cases, revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability is reasonably assured.

We recognize revenue as earned on a click through basis. As the traffic moves through the websites per click, the contract amount is recognized as revenue. "Click-throughs" are defined as the number of times a user clicks on an advertisement or search result.

We have adopted the provisions of Emerging Issues Task Force 00-2, "Accounting for Web Site Development Costs." Costs incurred in the planning stage of a website are expensed as research and development while costs incurred in the

development stage are capitalized and amortized over the life of the asset, estimated to be five years. Expenses subsequent to the launch have been expensed as research and development expenses.

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### **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 assets be accounted for as a change in accounting estimate affected by a change in accounting principle. This Statement is effective in fiscal years beginning after December 15, 2005.

SFAS 155, Accounting for Certain Hybrid Financial Instruments and SFAS 156, Accounting for Servicing of Financial Assets were recently issued. SFAS 155 and 156 have no current applicability to the Company and have no effect on the financial statements.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities" (SPEs).

### **Events Subsequent to Fiscal Year End December 31, 2006**

None.

## **ITEM 7. FINANCIAL STATEMENTS**

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**EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY  
(A DEVELOPMENT STAGE COMPANY)**

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**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 balance sheet of Effective Profitable Software, Inc. and subsidiary (a development stage company) as of December 31, 2006 and the related statements of operations, changes in stockholders' deficit and cash flows for the years ended December 31, 2006 and 2005 and for the period from February 23, 2004 (inception) to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Effective Profitable Software, Inc. and subsidiary (a development stage company) as of December 31, 2006 and the results of its operations and its cash flows for the years ended December 31, 2006 and 2005 and for the period from February 23, 2004 (inception) to December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6 to the financial statements, the Company is in the development stage with no revenue, a working capital deficiency of \$58,068, a stockholder's deficiency of \$53,587 and has a negative cash flow from operations of \$114,576 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 6. 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  
March 16, 2007

**EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF DECEMBER 31, 2006**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	1,230
Prepaid expenses		250
<b>Total Current Assets</b>		<b>1,480</b>

<b>PROPERTY AND EQUIPMENT, NET</b>		<b>3,731</b>
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**OTHER ASSETS**

Deposits		750
<b>Total Other Assets</b>		<b>750</b>

<b><u>TOTAL ASSETS</u></b>	<b>\$</b>	<b>5,961</b>
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**LIABILITIES AND STOCKHOLDERS' DEFICIENCY**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$	18,951
Stockholder loans		40,597

<b>TOTAL LIABILITIES</b>		<b>59,548</b>
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**STOCKHOLDERS' DEFICIENCY**

Common stock, \$0.0001 par value, 100,000,000 shares authorized, 53,480,000 shares issued and outstanding		5,350
Additional paid in capital		213,231
Accumulated deficit during development stage		(272,168)
<b>Total Stockholders' Deficiency</b>		<b>(53,587)</b>

<b><u>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY</u></b>	<b>\$</b>	<b>5,961</b>
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**EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Year Ended December 31, 2006	For the Year Ended December 31, 2005 (Restated)	For the Period from February 23, 2004 (Inception) to December 31, 2006
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>OPERATING EXPENSES</b>			
Professional Fees	27,788	16,000	51,869
Rent Expense	3,000	8,850	17,250
In-Kind Contribution of officers compensation	54,500	-	54,500
General and administrative	23,480	17,625	137,090
Total Operating Expenses	108,768	42,475	260,709
<b>LOSS FROM OPERATIONS</b>	(108,768)	(42,475)	(260,709)
<b>OTHER INCOME (EXPENSE)</b>			
Other income	-	-	31
Loss on disposal of assets	-	(6,893)	(6,893)
Interest expense	(1,835)	(2,116)	(4,597)
Total Other Income (Expense)	(1,835)	(9,009)	(11,459)
<b>NET LOSS BEFORE PROVISION FOR INCOME TAXES</b>	(110,603)	(51,484)	(272,168)
Provision for Income Taxes	-	-	-
<b>NET LOSS</b>	\$ (110,603)	\$ (51,484)	\$ (272,168)
Net loss per share - basic and diluted	(0.002)	(0.001)	(0.005)
Weighted average number of shares outstanding during the period - basic and diluted	53,166,027	51,197,808	50,206,161



**EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY**  
**FOR THE PERIOD FROM FEBRUARY 23, 2004 (INCEPTION) TO DECEMBER 31, 2006**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit During Development Stage	Total
Common stock issued to founders for cash (\$0.001 per share)	45,000,000	\$ 4,500	\$ (3,600)	-	\$ 900
Common stock issued for legal services (\$0.10 per share)	500,000	50	9,950	-	10,000
Common stock issued for services (\$0.10 per share)	2,500,000	250	49,750	-	50,000
Common stock issued for cash (\$0.10 per share)	2,280,000	230	45,370	-	45,600
In-kind contribution of interest on stockholder loans	-	-	646	-	646
Net loss for the period from February 23, 2004 (inception) to December 31, 2004	-	-	-	(110,081)	(110,081)
Balance, December 31, 2004	50,280,000	5,030	102,116	(110,081)	(2,935)
Common stock issued for services (\$0.10 per share)	500,000	50	9,950	-	10,000
Common stock issued for cash (\$0.10 per share)	500,000	50	9,950	-	10,000
In-kind contribution of interest on stockholder loans	-	-	1,787	-	1,787
Common stock issued in reverse merger	500,000	50	(1,650)	-	(1,600)

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Net loss, 2005	-	-	-	(51,484)	(51,484)
Balance, December 31, 2005 (Restated)	51,780,000	5,180	122,153	(161,565)	(34,232)
Stock issued for cash (\$0.02 per share)	1,700,000	170	33,830	-	34,000
In-kind contribution of interest on stockholder loans	-	-	1,248	-	1,248
In-kind contribution of compensation	-	-	54,500	-	54,500
In-kind contribution of automobile allowance	-	-	1,500	-	1,500
Net loss, 2006	-	-	-	(110,603)	(110,603)
<b>BALANCE, DECEMBER 31, 2006</b>	<b>53,480,000</b>	<b>5,350</b>	<b>213,231</b>	<b>(272,168)</b>	<b>(53,587)</b>

**EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the Year Ended December 31, 2006	For the Year Ended December 31, 2005	For the Period from February 23, 2004 (Inception) to December 31, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (110,603)	\$ (51,484)	\$ (272,168)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	924	2,407	4,667
Loss on disposal of property and equipment	-	6,893	6,893
In-kind contribution of interest on stockholder loans	1,248	1,787	3,681
In-kind contribution of officers compensation	54,500		54,500
In-kind contribution of automobile allowance	1,500		1,500
Stock issued for payment of services and expenses	-	10,000	70,000
Changes in operating assets and liabilities:			
Deposits	-	650	(750)
Prepaid expenses	550	25,200	(250)
Accounts payable and accrued expenses	10,764	5,728	17,351
Net Cash Provided By (Used In) Operating Activities	(41,117)	1,181	(114,576)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from the sale of property and equipment	-	3,425	3,425
Purchase of property and equipment	-	-	(18,716)
Net Cash Provided By (Used In) Investing Activities	-	3,425	(15,291)

**CASH FLOWS FROM FINANCING ACTIVITIES:**



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Proceeds from issuance of loan payable - related party	25,000	18,020	91,420
Repayment of loan payable - related party	(18,988)	(31,835)	(50,823)
Proceeds from issuance of common stock	34,000	10,000	90,500
Net Cash Provided By (Used In) Financing Activities	40,012	(3,815)	131,097
<b>NET INCREASE IN CASH</b>	<b>(1,105)</b>	<b>791</b>	<b>1,230</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,335</b>	<b>1,544</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,230</b>	<b>2,335</b>	<b>1,230</b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid during the period for interest	\$	-	\$	-	\$	-
Cash paid during the period for taxes	\$	-	\$	-	\$	-

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**EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2006**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION**

**(A) Organization**

Effective Profitable Software, Inc. F/K/A Modena 2, Inc. (a development stage company) was incorporated in the state of Delaware on November 18, 2003.

EPS, Inc., (a development stage company) was incorporated in the state of Arkansas on February 23, 2004.

On May 10<sup>th</sup>, 2005 pursuant to a stock purchase agreement and share exchange between the Effective Profitable Software, Inc. and EPS, Inc. and the shareholders of EPS, Inc., we purchased all of the outstanding shares of EPS for the issuance of 10,156,000 (50,780,000 post-split) shares of our stock to EPS shareholders. Pursuant to the agreement, EPS became a wholly owned subsidiary of the Company. As a result of the agreement, the transaction was treated for accounting purposes as a reorganization by the accounting acquirer (EPS, Inc.) and as a recapitalization by the accounting acquiree (Effective Profitable Software, Inc.).

Accordingly, the financial statements include the following:

- (1) The balance sheet consists of the net assets of the acquirer at historical cost and the net assets of the acquiree at historical cost.
- (2) The statement of operations includes the operations of the acquirer for the periods presented and the operations of the acquiree from the date of the merger.

Activities during the development stage include developing the business plan and raising capital.

Effective Profitable Software, Inc. and its wholly-owned subsidiary are hereafter referred to as the “Company”.

The company intends to develop computer software for use in technical analysis of financial markets.

**(B) Principles of Consolidation**

The 2005 financial statements include the accounts of Effective Profitable Software, Inc. (from May 10, 2005 merger) and its wholly-owned subsidiary EPS, Inc. The 2006 financial statements include the accounts of Effective Profitable Software, Inc. and its wholly-owned subsidiary EPS, Inc.

**EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY**  
**(A DEVELOPMENT STAGE COMPANY)**  
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All significant intercompany accounts and transactions have been eliminated in consolidation.

**(C) Revenue Recognition**

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is assured.

**(D) Cash and Cash Equivalents**

The Company considers cash on hand and amounts on deposit with financial institutions which have original maturities of three months or less to be cash and cash equivalents.

**(E) Use of Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates

**(F) Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight line method over the estimated useful lives of the various classes of assets as follows:

Computers  
and  
equipment    5 years  
Furniture  
and  
fixtures       7 years

Property and equipment at December 31, 2006 consisted of the following:

Office furniture and fixtures	\$	4,727
Computer equipment		1,247
Total Property		5,974
Less: Accumulated depreciation		2,243
Property and equipment, net	\$	3,731

Depreciation expense for the years ended December 31, 2006 and 2005 and for the period from February 23, 2004 (inception) to December 31, 2006 was \$924, \$2,407 and \$4,667, respectively.



EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY  
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(G) Income Taxes

The Company accounts for income taxes under the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("Statement 109"). Under Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. As of December 31, 2006, the Company has a net operating loss carryforward of approximately \$272,168 available to offset future taxable income through 2026. The valuation allowance at December 31, 2006 was \$93,898. The net change in the valuation allowance for the period ended December 31, 2006 was an increase of \$39,158.

(H) Advertising

The Company expenses advertising costs as incurred. The Company incurred advertising expenses of approximately \$678, \$50 and \$1,354 for the years ended December 31, 2006 and 2005, and for the period from February 23, 2004 (inception) to December 31, 2006, respectively.

(I) Fair Value of Financial Instruments

The Company's financial instruments include accounts payable and liabilities to shareholders. The carrying amounts of other financial instruments approximate their fair value because of short-term maturities.

(J) Earnings Per Share

Basic earnings per share is computed by dividing earnings available to stockholders by the weighted-average number of shares outstanding for the period as guided by the Financial Accounting Standards Board (FASB) under Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Shares". Diluted EPS reflects the potential dilution of securities that could share in the earnings. As of December 31, 2006 and 2005, the company does not have any outstanding dilutive securities.

EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY  
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(K) Concentrations of Credit Risk

Financial instruments which potentially expose the Company to concentrations of credit risk consist principally of operating demand deposit accounts if those accounts are in excess of \$100,000. As at December 31, 2006 there were no cash deposits in excess of the FDIC limit.

(L) Recent Accounting Pronouncements

SFAS 155, "Accounting for Certain Hybrid Financial Instruments" and SFAS 156, "Accounting for Servicing of Financial Assets" were recently issued. SFAS 155 and 156 have no current applicability to the Company and have no effect on the financial statements.

NOTE 2      RESTATEMENT OF FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2005 have been restated to adjust the number of post split shares issued in the reverse merger with EPS from 2,500,000 to 500,000 shares of common stock for the year ended December 31, 2005. The original number of shares issued to EPS was 100,000 shares of common stock or 500,000 shares post split. All equity numbers have been adjusted as well as the weighted average shares outstanding. The restatement has had no effect on the total shareholders deficit or the loss per share.

NOTE 3      RELATED PARTY TRANSACTIONS

The Company's officers have loaned the Company working capital in the form of unsecured demand notes. At December 31, 2006 the Company owed \$40,597. There are no terms on the note and the Company expects to retire these notes during the year 2007. The Company is accruing interest at a rate of 4% per annum and classifying the expense as an in-kind contribution.

NOTE 4      STOCKHOLDERS' EQUITY

(A) Issuance of Common Stock to Founders

On February 23, 2004, the company issued 45,000,000 shares of common stock to the Company's officers for services regarding the initial start up of the Company. The value of these shares was \$900, or \$.00002 per share.

EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2006

(B) Stock Issued for Cash

During the period ended December 31, 2004, the Company undertook a private placement issuance, Regulation D Rule offering whereby 2,280,000 shares of common stock were issued for cash of \$45,600, or \$0.02 per share.

During the year ended December 31, 2005, the Company issued 500,000 shares to an investor for cash of \$10,000, or \$0.02 per share.

During the year ended December 31, 2006, the Company issued 1,700,000 shares to two investors for cash of \$34,000, or \$0.02 per share.

(C) Stock Issued in Reverse Merger

On May 10, 2005, Effective Profitable Software, Inc. exchanged 500,000 shares of common stock for all the outstanding shares of EPS (See Note 2).

(D) Stock Issued for Services

During the year ended December 31, 2004, the Company issued 500,000 shares of common stock for legal services. The value of these shares was \$10,000 or \$0.02 per share.

During the year ended December 31, 2004, the Company issued 2,500,000 shares of common stock for services. The value of these shares was \$50,000, or \$0.02 per share.

During the year ended December 31, 2005, the Company issued 500,000 shares of common stock for services. The value of these shares was \$10,000, or \$0.02 per share.

(E) In-Kind Contribution

During the period ended December 31, 2004, \$646 of in-kind contributions relating to imputed interest on related party loans was recorded.

During the year ended December 31, 2005, \$1,787 of in-kind contributions relating to imputed interest on related party loans was recorded.

During the year ended December 31, 2006, \$1,248 of in-kind contributions relating to imputed interest on related party loans was recorded.

During the year ended December 31, 2006, \$54,500 of in-kind contributions relating to compensation of officers was recorded.

During the year ended December 31, 2006, \$1,500 of in-kind contributions relating to automobile allowance was recorded.

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EFFECTIVE PROFITABLE SOFTWARE, INC. AND SUBSIDIARY  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(F) Stock Split

On May 20, 2005, the Board of Directors approved a 5 for 1 forward stock split for all shareholders of the Company as of May 10, 2005. Per share weighted average share amounts have been retroactively restated in the accompanying audited financial statements and related notes to reflect this stock split.

NOTE 5 RECLASSIFICATION OF PRIOR YEAR BALANCES

Certain 2005 balances have been reclassified in order to be comparative to 2006 classifications.

NOTE 6 GOING CONCERN

As reflected in the accompanying financial statements, the Company is in the development stage with no revenue, a working capital deficiency of \$58,068, a stockholder's deficiency of \$53,587 and has a negative cash flow from operations of \$114,576 from inception. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its 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.

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern.

NOTE 7 SUBSEQUENT EVENT

On February 2, 2007 the company received a loan from a related party stockholder of \$20,000. This loan is unsecured, is non-interest bearing and is due upon demand.

## **ITEM 8A. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of December 31, 2006. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that our disclosure and controls are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

### **Changes in internal controls**

There were no changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the fourth quarter of fiscal 2006 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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**PART III****ITEM 9 DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS: COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

Our directors and officers, as of March 20, 2007, are set forth below. The directors hold office for their respective term and until their successors are duly elected and qualified. Vacancies in the existing Board are filled by a majority vote of the remaining directors. The officers serve at the will of the Board of Directors.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Date Appointed</b>
Gary Moore	53	President; Chief Executive Officer; Director	September 8, 2004
Don Bratcher	55	Vice President; Chief Financial Officer; Director	September 8, 2004
Dick Torti	53	Vice President	October 15, 2004

**Business Experience**

Set forth below is the name of our director and officer, all positions and offices with us held, the period during which he has served as such, and the business experience during at least the last five years:

**GARY MOORE** has been our President and Chief Executive Officer, as well as a member of the Board of Directors since September 8, 2004. He brings to the Company more than 25 years experience in the banking industry. Since its inception, Mr. Moore has been responsible for the development and infrastructure of EPS, our wholly owned subsidiary, which is a market evaluation software company. From 2001- 2003 he was a partner and a co-founder of AMDS in Memphis Tennessee which is a merchant service provider for credit card processing. He sold his interest in AMDS to his partners in June 2003. Prior to such time from 1986-1999 he was the head government bond trader for Union Planter Bank where he managed bond positions and traded over a billion bonds monthly. In 2000-2001, he was also employed in the mortgage division of Union Planters where his responsibilities included correspondent banking and developing relationships with regional banks. He received his degree in Journalism/Public Relations from the University of Memphis in 1976.

**DON BRATCHER** has been our Chief Financial Officer as well as a member of our Board of Directors since September 8, 2004. He has over 25 years experience in finance and has served in various capacities at both small and large companies. He is presently self-employed as a Futures and Options Trader. In addition, since 1993 he acted as Examiner In-Charge and Examiner on behalf of various state insurance departments for financial condition examinations of insurance companies participating in all phases of the examination process. In such capacities he performed in-house desk audits and financial analysis of both domestic and foreign insurers. Prior to such time he was the Senior Insurance Examiner for the Arkansas Insurance Department, Little Rock, Arkansas. He was responsible for the supervision and participation in the examination of domestic and foreign insurance companies to determine financial condition and compliance with Arkansas insurance law. Mr. Bratcher is a Certified Financial Examiner and Member of the Arkansas Society of Certified Public Accountants.

**DICK TORTI** has been our Vice President since October 15, 2004. He has over 25 years experience in the banking and securities industries and has served in various capacities in profit and loss management, operations, compliance strategic planning and business development. Since 2001 he has been self-employed as a contract consultant and in such capacity in banking, investments and business management. In addition, from 1999 until 2001 he was the Vice President/Manager of Capital Markets for Union Bank of California in Los Angeles. In such capacity he management capital markets department with full profit and loss responsibility with an emphasis on strengthening the bank's overall

market share with its customer base by building referral channels for cross selling opportunities with other department. From 1994 to 1999 he was the Senior Vice President and Midwest Manager of Bank of America/Nations Bank where he directed bank relationships managers in developing customer programs. Mr. Torti has a Series 65 license and has active life and health insurances licenses. He received his Master of Business in Finance as well as his Bachelor of Business Administration in Investments and Accounting from Memphis State University in Memphis, Tennessee.

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### **Term of Office**

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

All officers and directors listed above will remain in office until the next annual meeting of our stockholders, and until their successors have been duly elected and qualified. There are no agreements with respect to the election of Directors. We have not compensated our Directors for service on our Board of Directors, any committee thereof, or reimbursed for expenses incurred for attendance at meetings of our Board of Directors and/or any committee of our Board of Directors. Officers are appointed annually by our Board of Directors and each Executive Officer serves at the discretion of our Board of Directors. We do not have any standing committees. Our Board of Directors may in the future determine to pay Directors' fees and reimburse Directors for expenses related to their activities.

None of our Officers and/or Directors have filed any bankruptcy petition, been convicted of or been the subject of any criminal proceedings or the subject of any order, judgment or decree involving the violation of any state or federal securities laws within the past five (5) years.

### **Involvement in Certain Legal Proceedings**

To our knowledge, during the past five years, none of our directors, executive officers, promoters, control persons, or nominees has been:

- the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
- found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law.

### **Audit Committee**

We do not have a standing audit committee of the Board of Directors. Management has determined not to establish an audit committee at present because of our limited resources and limited operating activities do not warrant the formation of an audit committee or the expense of doing so. We do not have a financial expert serving on the Board of Directors or employed as an officer based on management's belief that the cost of obtaining the services of a person who meets the criteria for a financial expert under Item 401(e) of Regulation S-B is beyond its limited financial resources and the financial skills of such an expert are simply not required or necessary for us to maintain effective internal controls and procedures for financial reporting in light of the limited scope and simplicity of accounting issues raised in its financial statements at this stage of its development.

### **Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC). Officers, directors, and greater than 10 percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company, all reports under Section 16(a) required to be filed by its officers and directors and greater than ten percent beneficial owners were timely filed as of the date of this filing.

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**Code of Ethics**

We have adopted a Code of Ethics applicable to our Chief Executive Officer and Chief Financial Officer. This Code of Ethics is filed herewith as an exhibit.

**ITEM 10. EXECUTIVE COMPENSATION****Compensation of Executive Officers**

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officers paid by us during the fiscal years ended December 31, 2006 and 2005 in all capacities for the accounts of our executives, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Non-Qualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Totals (\$)</b>
Gary Moore, President, Chief Executive Officer,	2006	\$ 0	0	0	0	0	0	0	0\$ 0
Don Bratcher, Chief Financial Officer, Vice President, Director	2005	\$ 0	0	0	0	0	0	0	0\$ 0
Dick Torti, Vice President	2006	\$ 0	0	0	0	0	0	0	0\$ 0
	2005	\$ 0	0	0	0	0	0	0	0\$ 0

**Outstanding Equity Awards at Fiscal Year-End Table.** None.

**Employment Agreements**

Employment and Consulting Agreements

We do have any employment or consulting agreements.

**Compensation of Directors**

For the fiscal year ended December 31, 2006, we did not compensate our directors for their services.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the number and percentage of shares of our common stock owned as of March 20, 2007 by all persons (i) known to us who own more than 5% of the outstanding number of such shares, (ii) by all of our directors, and (iii) by all officers and directors of us as a group. Unless otherwise indicated, each of the stockholders has sole voting and investment power with respect to the shares beneficially owned.

<b>Title of Class</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Owner</b>	<b>Percent of Class(1)</b>
Common Stock	Gary Moore	16,525,000 (2)	30.90%
Common Stock	Don Bratcher	15,000,000	28.05%
Common Stock	Dick Torti	15,000,000	28.05%
Officers and Directors As a Group		46,525,000	87.00%

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(1) The percent of class is based on 53,480,000 shares of common stock issued and outstanding as of March 20, 2007.

(2) Of these 16,525,000 shares, 15,000,000 shares are owned by Mr. Moore. The remaining 1,525,000 shares are owned by members of Mr. Moore's immediate family. Mr. Moore disclaims beneficial ownership of such shares.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.**

None.

**ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K**

- (a) Reports on Form 8-K and Form 8-K/A
- (b) Exhibits

Exhibit No.	Title of Document	Location
3.1.1	Certificate of Incorporation; Certificate of Amendment to Certificate of Incorporation	Incorporated by reference to our Form 10-SB filed with the SEC on December 4, 2003.
3.2	Bylaws	Incorporated by reference to our Form 10-SB filed with the SEC on December 4, 2003.
14	Code of Ethics	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-12(a) of the Securities and Exchange Act of 1934	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith



## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

### Audit Fees

For our fiscal year ended December 31, 2006, we were billed approximately \$22,219 for professional services rendered for the audit and reviews of our financial statements. For our fiscal year ended December 31, 2005, we were billed approximately \$7,000 for professional services rendered for the audit and reviews of our financial statements.

### Tax Fees

For the Company's fiscal year ended December 31, 2006 and December 31, 2005, we were not billed for professional services rendered for tax compliance, tax advice, and tax planning.

### All Other Fees

The Company did not incur any other fees related to services rendered by our principal accountant for the fiscal year ended December 31, 2006 and December 31, 2005.

## SIGNATURES

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

### EFFECTIVE PROFITABLE SOFTWARE, INC.

By: /s/ Gary Moore  
Gary Moore  
Chief Executive  
Officer

Dated: March 23, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Name</b>	<b>Title</b>	<b>Date</b>
<i>/s/ Gary Moore</i> Gary Moore	Director President Chief Executive Officer	March 23, 2007
<i>/s/ Don Bratcher</i> Don Bratcher	Chief Financial Officer and Director	March 23, 2007
<i>/s/ Dick Torti</i> Dick Torti	Vice President	March 23, 2007

