

THEDIRECTORY.COM, INC.
Form 10-Q
July 20, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended May 31, 2015

o Transition Report under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission file number: 333-147193

TheDirectory.com, Inc.

(Exact name of registrant as specified in its charter)

Utah **33-0052057**
(State or other jurisdiction of
(I.R.S. Employer Identification No.)
incorporation or organization)

2701 N. Rocky Point Dr.

33607

Tampa, Florida

(Address of principal executive offices) (Zip Code)

(727) 417-7807

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files. Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

As of July 16, 2015, there were 8,471,034,676 outstanding shares of the registrant's common stock.

TheDirectory.com, Inc.

FORM 10-Q

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****TheDirectory.com, Inc.**

Balance Sheets

May 31, 2015 and November 30, 2014

	(Unaudited) 2015	(Audited) 2014
Assets		
Current assets		
Cash and cash equivalents	49,606	52,987
Accounts receivable, net	116,996	189,954
Total Current Assets	166,602	242,941
Property and Equipment, Net	11,317	10,610
Other Assets		
Amortizable Intangible Assets, net	496,493	644,661
Nonamortizable Intangible Assets	2,182,744	2,165,952
Deposits	22,643	22,643
Total Other Assets	2,701,880	2,833,256
Total Assets	2,879,799	3,086,807
Liabilities and Stockholders' Equity (Deficit)		
Accounts payable and accrued expenses	672,120	535,726
Commercial line of credit	907,845	1,096,338
Derivative liabilities	108,348	379,221
Notes payable	1,141,307	1,028,205
Notes payable to related parties	42,486	70,623
Total current Liabilities	2,872,106	3,110,113
Long-Term Debt-Net of Current portion	-	-
Total liabilities	2,872,106	3,110,113

Stockholders' equity:

Preferred stock, 1,200,000 share authorized, \$.001 par value, 640,000 and 640,000 shares issued and outstanding at May 31, 2015 and November 30, 2014	640	640
Common stock 30,000,000,000 shares authorized, \$.001 par value, 8,471,034,676 and 5,129,999,499 shares issued and outstanding at May 31, 2015 and November 30, 2014	8,471,034	5,130,000
Additional paid in capital	1,482,413	4,343,370
Accumulated deficit	(9,946,394)	(9,497,316)
Total stockholders' equity (deficit)	7,693	(23,306)
Total Liabilities and stockholders' equity (deficit)	2,879,799	3,086,807

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

TheDirectory.com, Inc.

Statements of Operations

For The Six Months Ended May 31, 2015 and 2014

(Unaudited)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2015	2014	2015	2014
REVENUES	\$423,733	\$227,838	\$878,124	\$731,093
OPERATING EXPENSES:				
Cost of revenues	154,054	103,582	309,759	316,680
Sales and marketing	4,569	3,341	7,739	5,593
Consulting fees	39,158	39,210	90,092	80,470
General and administrative	256,616	149,564	494,557	268,756
Research and development	6,499	3,210	10,174	6,929
Amortization of intangibles	76,584	39,364	153,168	74,122
Total operating expenses	537,480	338,271	1,065,489	752,550
Income (Loss) from operations	(113,747)	(110,433)	(187,365)	(21,457)
OTHER INCOME (EXPENSE)				
Interest expense	(241,449)	(38,355)	(532,586)	(92,627)
Change in derivative	–	–	270,873	–
NET INCOME BEFORE PROVISION FOR INCOME TAXES	(355,196)	(148,788)	(449,078)	(114,084)
INCOME TAX EXPENSE (BENEFIT)	–	–	–	–
NET INCOME	\$(355,196)	\$(148,788)	\$(449,078)	\$(114,084)
Basic weighted average number of shares outstanding	8,214,241,198	3,907,659,137	6,979,483,708	3,763,102,025
Basic Earnings per share	\$–	\$–	\$–	\$–
Diluted weighted average number of shares outstanding	8,214,241,198	3,907,659,137	6,979,483,708	3,763,102,025
Diluted earnings per share	\$–	\$–	\$–	\$–

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

Statements of Cash Flows

For The Six Months Ended May 31, 2015 and 2014

(Unaudited)

	2015	2014
Cash flows from operating activities:		
Net income (loss)	\$(449,078)	\$(114,084)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	421,828	74,730
Change in derivative	(270,873)	–
Change in operating assets and liabilities:		
Accounts receivable	72,958	20,515
Accounts payable and accrued expenses	136,394	289,096
Total cash flows from operating activities	(88,771)	270,257
Cash flows from investing activities:		
Purchase of office equipment	(1,026)	(1,400)
Purchase of software enhancements	–	(5,601)
Purchase of domain names	(16,792)	–
Total cash flows from investing activities	(17,818)	(7,001)
Cash flows from financing activities:		
Financing fees paid	(5,000)	–
Repayments to line of credit (net of proceeds)	(18,493)	(627,435)
Advances from (repayments to) individuals, net	154,838	162,733
Advances from (repayments to) related parties, net	(28,137)	130,286
Total cash flows from financing activities	103,208	(334,416)
Increase (decrease in) cash and cash equivalents	(3,381)	(71,160)
Cash and cash equivalents, beginning of period	52,987	128,910
Cash and cash equivalents, end of period	\$49,606	\$57,750
SUPPLEMENTAL INFORMATION:		
Income taxes paid	\$–	\$–
Interest expense paid	\$42,335	\$48,197
Non-cash investing and financing activities:		

Stock issued in payment of convertible debt	\$270,629	\$733,750
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The accompanying footnotes are an integral part of these financial statements.

TheDirectory.com, Inc.

Notes to Financial Statements

Note 1 - Background and Summary of Significant Accounting Policies

The Company

TheDirectory.com, Inc. (the “Company”), incorporated under the laws of the State of Utah in June 1983 as Teal Eye, Inc. Subsequently, in 1984, the Company then merged with Terzon Corporation and changed its name to Terzon Corporation. In September 1984, the Company changed its name to Candy Stripers Corporation, Inc. In 1986, the Company ceased the candy manufacturing operations and filed for Chapter 11 bankruptcy protection. After emerging from bankruptcy in 1993, the Company remained dormant until it changed its name to Piedmont, Inc. on January 6, 1998. On May 31, 2003, the Company changed its name to US Biodefense, Inc.

Effective January 10, 2008, the Company experienced a change in control as the result of a series of transactions. Effective on that date, the Company executed an employment agreement with Scott Gallagher pursuant to which he was appointed the Company’s Chief Executive Officer and Chairman of the Company’s Board of Directors, positions which he still holds today. Simultaneously, the former Chairman, David Chin, resigned as an officer and director of the Company, leaving Mr. Gallagher as the Company’s sole director. As a result of these transactions, Mr. Gallagher assumed control of the Company.

On April 4, 2008, the Company acquired 100% of the assets of Elysium Internet, Inc., a direct navigation Internet media company, in exchange for stock and a \$1,500,000 promissory note to FTS Group, Inc. In 2008, the Company filed an Amended and Restated Articles of Incorporation, and effective July 28, 2008, changed its name to Elysium Internet, Inc. In May 2011, the Company changed its name to TheDirectory.com, Inc.

The Company’s principal executive offices are located at 2701 Rocky Point Dr., Suite 950, Tampa, Florida 33607. The Company’s shares are quoted on the Over the Counter marketplace under the ticker symbol, “SEEK.”

Control By Principal Shareholder

The Chief Executive Officer of the Company owns, beneficially and in the aggregate, the majority of the voting power of the outstanding shares of the capital stock of the Company. Accordingly, the Chief Executive Officer has the ability to control the approval of most corporate actions, including increasing the authorized capital stock of the Company and the dissolution, merger or sale of the Company's assets or business.

Basis of Presentation - Unaudited Interim Financial Information

The accompanying unaudited financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results for the full year. For further information regarding the Company's significant accounting policies, refer to the audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended November 30, 2014 filed with the Securities and Exchange Commission on April 15, 2015.

Use of Estimates

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

Fair Value of Financial Instruments

We estimate the fair value of our complex derivative financial instruments that are required to be carried as liabilities at fair value pursuant to Statements on Financial Accounting Standards No. 133, "Accounting for Derivative Financial Instruments and Hedging Activities (SFAS 133)."

We do not use derivative financial instruments to hedge exposures to cash-flow, market or foreign-currency risks. However, we frequently enter into certain other financial instruments and contracts, such as debt financing arrangements, preferred stock arrangements and freestanding warrants with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and closely related to host contracts or (iii) may be net-cash settled by the counterparty to a financing transaction. As required by SFAS 133, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements.

We estimate fair values of derivative financial instruments using various techniques, and combinations thereof, that are considered to be consistent with the objective measuring of fair values. In selecting the appropriate technique(s), we consider, among other factors, the nature of the instrument, the market risks that such instruments embody and the expected means of settlement. For less complex derivative instruments, such as free-standing warrants, we generally use the Black-Scholes option valuation technique, since it embodies all of the requisite assumptions, including trading volatility, estimated terms and risk free rates, necessary to fair value these instruments. For complex derivative instruments, such as embedded conversion options, we generally use the flexible Monte Carlo valuation technique since it embodies all of the requisite assumptions, including credit risk, interest-rate risk and exercise/conversion behaviors, that are necessary to fair value these more complex instruments. For forward contracts that contingently require net-cash settlement as the principal means of settlement, we project and discount future cash flows applying probability-weightage to multiple possible outcomes. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques are highly volatile and sensitive to changes in our trading market price which has high-historical volatility. Since derivative financial instruments are initially and subsequently carried at fair values, our income will reflect the volatility in these estimate and assumption changes.

Leases

The Company leases office facilities under agreements accounted for as operating leases. For leases that contain escalation or rent concessions provisions, management recognizes rent expense during the lease term on a straight-line basis over the term of the lease. The difference between rent paid and straight-line rent expense is recorded as a deferred rent liability in the accompanying consolidated balance sheets.

Revenue Recognition

The Company recognizes revenue when the following conditions have been met: (a) the service or product a customer has subscribed to has been provided to the customer; (b) the amount of fees to be paid by the customer is fixed or determinable; and (c) the collection of our fees is probable.

The Company generates revenue when it is realizable and earned, as evidenced by clicks generated through our network of Internet properties or when a subscriber pays for an online marketing package and the fulfillment of the subscription obligations have been satisfied. The Company's contracts and agreements are short term and do not contain multiple elements and can be cancelled at any time.

Concentration of Credit Risk

Financial instruments that subject the Company to concentrations of credit risk include cash and cash equivalents.

The Company maintains its cash in well-known banks selected based upon management's assessment of the bank's financial stability. Balances may periodically exceed the \$250,000 federal depository insurance limit; however, the Company has not experienced any losses on deposits. The Company extends credit to its customers based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Cash Equivalents

For purposes of reporting cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalent.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of personnel and related expenses for selling and marketing staff, including salaries, consulting fees and wages, commissions and other variable compensation, benefits, bonuses and stock-based compensation; travel and business costs; training, recruitment, marketing and promotional events; advertising; other brand building and product marketing expenses; and occupancy, technology and other direct overhead costs.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel and related expenses for executive, legal, finance, human resources and corporate communications, including wages, benefits, bonuses and stock-based compensation, professional fees, insurance premiums and other expenses, including occupancy, technology and other direct overhead, public company costs and other corporate expenses.

Advertising Expenses

The Company expenses advertising as incurred. For the six months ending May 31, 2015 and 2014, advertising expenses were \$7,739 and \$5,593, respectively, and such expenses are included under sales and marketing expenses.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets, which are generally 3 to 10 years. The cost of repairs and maintenance is charged to expense as incurred. Expenditures for property betterments and renewals are capitalized. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in results of operations.

The Company will periodically evaluate whether events and circumstances have occurred that may warrant revision of the estimated useful lives of fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability.

Income Taxes

The Company records income taxes using the asset and liability method which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. In estimating future tax consequences, all expected future events other than enactments or changes in the tax law or rates are considered. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company records tax benefits for income tax positions only if it is “more-likely-than-not” to be sustained based solely on its technical merits as of the reporting date. Management considers many factors when evaluating and estimating tax positions and tax benefits, which may require periodic adjustments and which may differ from actual outcomes. The Company follows a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Company’s policy is to recognize interest and penalties related to tax in income tax expense.

Payroll Taxes

The Company has an accrued payroll tax liability of \$198,709 for the period ending May 31, 2015. The Company has a plan in place to eliminate this liability during the 2015 fiscal year. The Company was current with its first quarter payroll tax filing obligation for the period ending May 31, 2015. The Company may be subject to fines, late charges or penalties for not filing its quarterly returns on time.

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and potential dilutive shares outstanding during the period, to the extent such shares are dilutive. Potential dilutive shares are composed of incremental common shares issuable upon the exercise of stock options, warrants and unvested restricted shares using the treasury stock method and convertible preferred stock under the if-converted method, where such conversions are dilutive.

Note 2 - Property and Equipment

Property and equipment consisted of the following at May 31, 2015 and November 30 2014:

	May 31, 2015	Nov. 30, 2014
Furniture and fixtures (at cost)	\$20,763	\$19,736
Accumulated depreciation	9,446	9,126
Net	\$11,317	\$10,610

Depreciation expense was \$320 and \$608 for the six months ended May 31, 2015 and November 30, 2014.

Note 3 - Comprehensive Income

Accounting principles generally require that recognized revenues, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

The components of other comprehensive income and related tax effects for the periods ended May 31, 2015 and November 30, 2014 are zero.

Note 4 - Going Concern

The Company has elected to early adopt Accounting Standards Update No. 2014-15, *“Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern (ASU 2014-15)”*.

The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company is unable to

continue as a going concern.

The Company's financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the financial statements, the Company had an accumulated deficit and net loss for the period ended May 31, 2015 and November 30, 2014. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company is attempting to further implement and expand its business plan to generate sufficient revenue; however, the Company's cash position may not be sufficient to support the Company's daily operations if revenue does not grow to levels to support ongoing expenses. While the Company believes in the viability of its business plan to expand operations and generate sufficient revenue and in its ability to raise additional funds by way of a public or private offering, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon its ability to further implement its business plan and generate sufficient revenue, profits and its ability to raise additional funds by way of a public or private offering.

Note 5 - Taxes

Deferred income taxes are the result of timing differences between book and tax basis of certain assets and liabilities, timing of income and expense recognition of certain items and net operating loss carry-forwards.

The Company assesses temporary differences resulting from different treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are recorded in the Company's balance sheets. The Company evaluates the reliability of its deferred tax assets and assesses the need for a valuation allowance on an ongoing basis. In evaluating its deferred tax assets, the Company considers whether it is more likely than not that the deferred income tax assets will be realized. The ultimate realization of deferred tax assets depends upon generating sufficient future taxable income prior to the expiration of the tax attributes. In assessing the need for a valuation allowance the Company must project future levels of taxable income. This assessment requires significant judgment. The Company examined the evidence related to a recent history of tax losses, the economic conditions in which it operates recent organizational changes, its forecasts and projections.

Net operating losses can be carried forward up to twenty years. As of May 31, 2015 and November 30, 2014 the Company has net operating loss carry forwards in the amount of \$4,685,278 which start to expire in 2030.

The Company is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ending November 30, 2010 through November 30, 2014. The Company's state income tax returns are open to audit under the statute of limitations for the years ending November 30, 2010 through November 30, 2014.

The Company recognizes interest and penalties related to income taxes in income tax expense. The Company had incurred no penalties relating to federal income taxes and interest for the periods ending May 31, 2015 and November 30, 2014.

The Company has an accrued payroll tax liability of \$198,709 as of May 31, 2015 and may incur penalties relating to the timing of payroll payments and filings. The Company expects that it will be current with its ongoing payroll tax liability obligations by the end of 2015.

Note 6 - Intangible Assets

The Company classifies "Intangible Assets" within "Other Assets" on the balance sheets.

Intangible Assets consisted of the following as of May 31, 2015 and November 30, 2014:

Amortizable

	(Unaudited) May 31, 2015	(Audited) Nov. 30, 2014
Financing Fees	\$ 312,400	\$ 307,400
Intellectual Property	421,963	421,963
	734,363	720,363
Less: accumulated amortization	237,870	84,702
Net amortizable intangible assets	\$ 496,493	\$ 644,661

Non-Amortizable

	May 31, 2015	Nov. 30, 2014
Internet domain portfolio	\$2,082,744	\$2,065,952
Intellectual property	—	—
Trademarks	100,000	100,000
Net non-amortizable intangible assets	\$2,182,744	\$2,165,952

*Intellectual Assets are digital assets owned by the Company that relate to the creation and operations of websites and directories.

Note 7 - Accounts Receivable

The Company reports all receivables at gross amounts due from customers. Because losses related to these receivables are deemed improbable due to the short term nature and renewal process of the contracts, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivable are determined to be uncollectible, they are written off through a charge against earnings. Bad debt expense for the period ended May 31, 2015 was zero. Accounts receivable at May 31, 2015 and November 30, 2014 were \$124,100 and \$197,058, respectively, net of allowance \$7,104 in both periods.

Note 8 - Earnings per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of common shares outstanding during the period.

The Company had convertible preferred stock issued and outstanding during the period ended May 31, 2015 and November 30, 2014. The preferred stock has a \$0.001 par value with each share convertible into 10,000 shares of common stock. There were 640,000 shares of the convertible preferred stock issued and outstanding at May 31, 2015 and November 30, 2014 convertible into 6,400,000,000 shares of common stock, respectively. Since these shares are potentially dilutive, they are included in the calculation of fully diluted earnings per share when not anti-dilutive.

Note 9 - Asset Acquisition and Financial Reporting

On October 1, 2013, the Company agreed to acquire selected assets from two privately held companies; Let's See What Sticks, LLC a Kentucky Corporation and CMS Domains, LLC a Nevada Corporation for a total purchase price of \$2,150,000. The Company also closed a \$5 million credit facility with an institutional investor whereby the Company raised a total of \$1.3 million to be used to close the asset purchase. The Company paid the seller \$1 million at closing. The seller issued to the Company a promissory note in the amount of \$1,150,000 payable over 24 months from the closing date. The Company agreed to make monthly payments in the amount of \$45,000 for the first 12 months post-closing then an additional 12 monthly payments of \$30,000 beginning on November 1, 2014. Additionally, the Company agreed to make a balloon payment in the amount of \$250,000 prior to October 1, 2014. As of the period ended May 31, 2015, the Company owed Let's See What sticks and CMS Domains, LLC a total of \$287,500 of the \$1,150,000 promissory note.

Pursuant to the accounting guidance in ASC 805-10, the Company determined that the asset purchase did not meet the criteria necessary to constitute a business combination and was therefore accounted for as an asset purchase.

As a result of the acquisition the Company closed on October 1st, 2013 and the resulting delays that occurred, primarily during the first 6 months of 2014, relating to accessing real time reporting data from third parties, the signing of new contracts and establishing new revenue accounts and cost of revenue accounts that are needed to collect revenue and detail the cost of revenue data, the Company's 2014 quarterly results differ from the results reported in the unaudited financial results on the form 10Qs during 2014. The revised 2014 quarterly results are based on the Company's 2014 audited financial results.

Note 10 - Revolving Credit Facility

Effective October 1, 2013, the Company closed a \$5 million revolving credit financing facility with TCA Global Credit Master Fund (TCA). On October 1, 2013, the Company took an initial draw down on the line of \$1.3 million. The Company used the funds to purchase selected assets from a privately held Company, as well as to pay the related deal and transaction fees and to increase its traffic acquisition programs. At May 31, 2015 the Company had \$907,845 outstanding relating to the total draw of \$1.7 million. At May 31, 2014 the Company had \$3.3 million available under the credit facility. The credit facility may be drawn down, at the investor's sole discretion subject to a use of proceeds or other investor defined metric such as Company financial performance metric or other investor defined metric. Standard requested draw-downs shall not exceed 80% of the repayments made to TCA unless the requested draw down is relating to a proposed acquisition. In the event of an acquisition funding request TCA may consider the financial performance of the target company, along with other metrics in order to determine whether or not to release additional funds under the facility. There are no contractual guarantees or formal metric specific obligations that require TCA to provide the Company with access to additional draw downs. Future draw-downs of the credit facility are to be made solely at the discretion of the managers at TCA. The Company may also need to raise additional funds

through private placements of its equity securities to pay down the revolving credit facility that may involve dilution to our existing stockholders. The Company has no plans to make additional draw downs on the Credit Facility in 2015 or beyond. We are currently in default of our credit facility with TCA. We are actively negotiating an amendment with TCA to resolve the default. We cannot however guarantee the outcome of these negotiations

Note 11 - Notes Payable

Notes payable to individuals at May 31, 2015 and November 30, 2014 consisted of the following:

	05/31/2015 (Unaudited)	11/30/2014 (Audited)
Note payable to CMS Domains, monthly payments of principal through October 1, 2014 of \$45,000 monthly payments of principal through October 1, 2015 of \$30,000, balloon payment due October 1, 2015 of \$250,000. This note contains \$10,000 of capitalized interest included in the principal payments.	\$ 287,500	\$ 345,000
Note payable to Institutional Investor with origination date September 22, 2014, maturity date June 22, 2015, and interest at 8% per annum. Payable in cash or stock at company's discretion. Original issue discount on note of \$42,564 with unamortized discount of \$3,742.	57,508	29,442
Note payable to Institutional Investor with origination date April 28, 2014, maturity date April 28, 2015, and interest at 8% per annum. Payable in cash or stock at company's discretion. Original issue discount on note of \$66,162 with unamortized discount of \$0.	–	40,992
Note payable to Institutional Investor with origination date June 4, 2014, maturity date March 4, 2015, and interest at 8% per annum. Payable in cash or stock at company's discretion. Original issue discount on note of \$63,000 with unamortized discount of \$0.	47,180	41,308
Note payable to Institutional Investor with origination date August 4, 2014, maturity date August 4, 2015, and interest at 8% per annum. Payable in cash or stock at company's discretion. Original issue discount on note of \$39,974 with unamortized discount of \$6,414.	22,835	20,449
Note payable to Institutional Investor with origination date October 1, 2014, maturity date May 10, 2015, and interest at 10% per annum. Payable in cash or stock at company's discretion. Original issue discount on note of \$308,123 with unamortized discount of \$0.	89,381	16,073
Note payable to Institutional Investor with origination date November 24, 2014, maturity date December 24, 2015, and interest at 10% per annum. Payable in cash or stock at company's discretion. Original issue discount on note of \$142,500 with unamortized discount of \$36,334.	105,969	2,165
Note payable to Institutional Investor with origination date January 9, 2015 maturity date February 9, 2016, and interest at 10% per annum. Payable in cash or stock at company's discretion. Original issue discount on note of \$39,447 with unamortized discount of \$25,265.	29,732	–
	274,167	309,792

Note payable to Institutional Investor with origination date of Sept. 1, 2014, Maturity date June 1, 2015.

Interest rate is 10% and is payable in cash or stock at Company's discretion.

Note payable to individual, with origination date of September 2013, Maturity date is January 1, 2016. Interest rate is 10% and is payable in cash or stock at Company's discretion.	192,535	188,484
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Note payable to Institutional Investor with origination date February 18, 2015 maturity date February 18, 2016, and interest at 0% per annum. Payable in shares of Company stock. Original issue discount on note of \$170,000 with unamortized discount of \$151,526.

Note payable to individual, due January 1, 2015	34,500	34,500
	1,141,307	1,028,205
Less current maturities of long term debt	1,141,307	1,028,205
Long-term debt, net of current portion	\$-	\$-

Note 12- Related Party Transactions

At May 31, 2015 the company had the following related party transactions outstanding:

Note from Officer \$42,486*

Accrued Officer Compensation \$286,545**

*This amount is included in notes payable to related parties.

**This amount is included in accrued expenses.

Note 13- Leases

The Company leases its office facilities under two non-cancelable operating leases. The lease agreements require the Company to pay property taxes, insurance, common area expenses and maintenance costs. The leases expire in April and October, 2019. Total rent expense for the period ended May 31, 2015 and November 30, 2014 was \$43,345 and \$104,941. Prior to its current two leases, the company leased a single facility on a month to month basis ending in April, 2014.

Future minimum lease payments under operating leases are approximately as follows:

FYE 11/30/15	\$86,684
FYE 11/30/16	179,512
FYE 11/30/17	182,579
FYE 11/30/18	182,579
FYE 11/30/19	113,698

Note 14 – Equity

Preferred Stock

The Company is authorized to issue up to a total of one million, two hundred thousand (1,200,000) shares of preferred stock, par value \$0.001 per share, without stockholder approval. The Board of Directors has the authority, without action by the stockholders, to issue all or any portion of the authorized but unissued preferred stock in one or more series and to determine the voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of such series. As of November 30, 2014, the Company had 640,000 Series A Convertible Preferred shares issued and outstanding. For each share of Series A Convertible Preferred Stock, the holder will receive 10,000 shares of common stock upon conversion.

Common Stock

On November 13, 2014, the holders of a majority of the voting power of outstanding capital stock executed a Written Consent in Lieu of a Meeting of Stockholders approving an amendment to the Company's Restated Articles of Incorporation, as amended, to increase the number of authorized shares, \$0.001 par value per share, from a total number of 6,001,200,000 shares to a total number of 30,001,200,000 shares, consisting of 30,000,000,000 shares of common stock and 1,200,000 shares of preferred stock. The authorized share increase became effective on January 6, 2015, after filing of the Articles of Amendment with the Secretary of State of the State of Utah.

The Company is authorized to issue up to a total of thirty billion (30,000,000,000) shares of common stock, par value \$0.001 per share. The shares of common stock are non-assessable, without preemption rights, and do not carry cumulative voting rights. Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. Holders of common stock are entitled to receive dividends if, as and when declared by the Board of Directors.

During the period ended November 30, 2014, the Company issued the following shares to note holders to reduce its outstanding debt obligations:

On December 18, 2013, the Company issued 187,500,000 shares of common stock to an institutional investor related to the conversion of \$206,250 of debt at a price of \$0.0011 per share.

On February 20, 2014, the Company issued 125,000,000 shares of common stock to an institutional investor related to the conversion of \$200,000 of debt at a price of \$0.0016 per share.

On March 31, 2014, the Company issued 208,333,333 shares of common stock to an institutional investor related to the conversion of \$250,000 of debt at a price of \$0.0016 per share.

On May 27 and 29, 2014, the Company issued an aggregate of 241,732,810 shares of common stock to an institutional investor related to the conversion of \$156,000 of debt at a price of \$0.0016 per share.

On May 31, 2014, the Company issued 202,380,952 shares of common stock to an institutional investor related to the conversion of \$135,000 of debt at a price of \$0.0016 per share.

On July 15, 2014, the Company issued 73,636,364 shares of common stock to an investor related to the conversion of \$45,000 of debt at a price of \$0.00055 per share.

On August 13, 2014, the Company issued 162,500,000 shares of common stock valued at \$130,000 to an institutional investor due under a finder's fee agreement relating to the Companies \$1.3 Million financing with TCA.

On September 16, 2014, the Company issued 20,000,000 shares of common stock to TCA Global as an investment banking advisory fee valued at \$150,000.

On October 13, 2014, the Company issued 82,500,000 shares of common stock to an investor related to the conversion of \$33,000 of debt at a price of \$0.0004 per share.

On October 27, 2014, the Company issued 81,846,914 shares of common stock to an investor related to the conversion of \$41,812.50 of debt at a price of \$0.000511 per share.

On November 1, 2014, the Company issued 100,000 shares of Series A Convertible Preferred to an officer for \$25,000.

On November 24, 2014, the Company issued 412,536,864 shares of common stock to an investor related to the conversion of \$125,000 of debt at a price of \$.00303

On January 8, 2015, we issued 258,028,571 shares of common stock to an investor related to the conversion of \$43,348.80 of debt at a price of \$0.000168 per share.

On January 21, 2015, we issued 225,000,000 shares of common stock to an investor related to the conversion of \$25,200 of debt a price of \$0.000112 per share.

On January 22, 2015, we issued 250,000,000 shares of common stock to an investor related to the conversion of \$28,000 of debt a price of \$0.000112 per share.

On January 26, 2015, we issued 116,666,667 shares of common stock to an investor related to the conversion of \$14,000 of debt a price of \$0.0012 per share.

On February 2, 2015, we issued 90,909,091 shares of common stock to an investor related to the conversion of \$10,000 of debt a price of \$0.0011 per share.

On February 2, 2015, we issued 145,772,727 shares of common stock to an investor related to the conversion of \$16,035 of debt a price of \$0.0011 per share.

On February 5, 2015, we issued 236,750,000 shares of common stock to an investor related to the conversion of \$23,675 of debt a price of \$0.001 per share.

On February 12, 2015, we issued 265,000,000 shares of common stock to an investor related to the conversion of \$24,910 of debt a price of \$0.000094 per share.

On February 23, 2015, we issued 335,166,667 shares of common stock to an investor related to the conversion of \$20,110 of debt a price of \$0.00006 per share.

On February 23, 2015, we issued 331,850,545 shares of common stock to an investor related to the conversion of \$18,251 of debt a price of \$0.000055 per share.

On February 26, 2015, we issued 335,890,909 shares of common stock to an investor related to the conversion of \$18,474 of debt a price of \$0.000055 per share.

On March 11, 2015, we issued 375,000,000 shares of common stock to an investor related to the conversion of \$20,625 of debt a price of \$0.000055 per share.

On April 23, 2015, we issued 375,000,000 shares of common stock to an investor related to the conversion of \$20,625 of debt a price of \$0.000055 per share.

Note 15 – Subsequent Events

None.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

This report contains forward-looking statements. These forward-looking statements include, without limitation, statements containing the words “believes,” “anticipates,” “expects,” “intends,” “projects,” “will,” and other words of similar import or the negative of those terms or expressions. Forward-looking statements in this report include, but are not limited to, expectations of future levels of research and development spending, general and administrative spending, levels of capital expenditures and operating results, sufficiency of our capital resources, our intention to pursue and consummate strategic opportunities available to us. Forward-looking statements subject to certain known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to those described in “Risk Factors” of the reports filed with the Securities and Exchange Commission.

CORPORATE OVERVIEW*Overview*

We operate under a build, buy or partner business model and are an online local search company that provides local businesses in the U.S. and Canada with business listings on its network of online vertical directories and city guides. Additionally, we offer our local business customers access to a portfolio of online and offline marketing and identity management products and services that help assist businesses in both attracting and maintaining customers.

Results of Operations for the Three Months Ended May 31, 2015 and 2014

The following table sets forth the summary income statement for the three months ended May 31, 2015 and 2014:

	(Unaudited)	
	Three Months Ended	
	May 31,	May 31,
	2015	2014
Revenues	\$423,733	\$227,838
Operating Expenses	\$(537,480)	\$(338,271)
Other Income (Expense), net	\$(241,449)	\$(38,355)
Net Income (Loss)	\$(355,196)	\$(148,788)

Sales Revenue

Our sales revenue for the three month period ended May 31, 2015 was \$423,733 as compared to revenue of \$227,838 for the same period in the prior year, representing an increase of \$195,895 or 86%. The increase in sales revenue was a result of increased traffic acquisition programs as well as an increase in our sales staff production as compared to the prior period in 2014.

Cost of Revenue

Our cost of revenue for the three month period ended May 31, 2015 increased \$50,472 or 48.7% to \$154,054, as compared to cost of revenue of \$103,582 for the same period in the prior year. The increase in cost of revenue was directly related to higher traffic purchasing levels when compared to the same period in 2014. Going forward we expect cost of revenue as a line item will continue to increase year over year as we expand our business.

General & Administrative Expenses

For the three month period ended May 31, 2015, general and administrative expenses increased \$107,052 or 71.6% to \$256,616, as compared to general and administrative expenses of \$149,564 for the same period in 2014. The increase in general and administrative expenses during the period ended May 31, 2015 was primarily attributed to increased staffing related expenses.

Sales and Marketing

For the three month period ended May 31, 2015, sales and marketing expenses increased \$1,228 or 36.8% to \$4,569, as compared to sales and marketing expenses of \$3,341 for the same period in the prior year. The increase in sales and marketing expenses was primarily attributed to an increase in our sales related activities associated with the growth of our business.

Consulting Fees

For the three month period ended May 31, 2015, consulting fees decreased \$52 from \$39,210 to \$39,158 for the same period in the prior year. For the remainder of 2015 we expect to incur additional consulting fees on an as needed basis.

Research and Development

For the three month period ended May 31, 2015, research and development expenses increased \$3,289 or 102.5% to \$6,499 from \$3,210 for the same period of 2014. The increase was related to expanded product testing during the year over year period. We do not anticipate material changes in R & D expenses for the remainder of 2015 over previous levels.

Amortization of Intangibles

For the three month period ended May 31, 2015, amortization of intangibles increased \$37,220 or 94.6% to \$76,584, as compared to amortization of intangibles of \$39,364 for the same period in the prior year. The increase in this expense line for the three month period ended May 31, 2015 is related to higher financing fees, costs and restructurings incurred during the period.

Interest Expenses

During the three month period ended May 31, 2015, our interest expenses increased \$203,094 or 529.5% to \$241,449, as compared to interest expenses of \$38,355 for the same period in the prior year. The increase in interest expenses for the three month period ended May 31, 2015 is a direct result of costs incurred during the restructuring of fees relating to our credit facility with TCA.

Net Income (Loss)

During the three month period ended May 31, 2015, our net loss increased \$206,408 or 138.7% to a loss of \$355,196, as compared to net income of \$148,788 for the same period in the prior year. The decrease in net income is directly

related to the increased interest costs as well as increases in amortization costs incurred as a result of our financing activities and increased G&A related to our larger employee base.

Results of Operations for the Six Months Ended May 31, 2015 and 2014

The following table sets forth the summary income statement for the three months ended May 31, 2015 and 2014:

	(Unaudited)	
	Six Months Ended	
	May 31,	May 31,
	2015	2014
Revenues	\$878,124	\$731,093
Operating Expenses	\$(1,065,489)	\$(752,550)
Other Income (Expense), net	\$(261,713)	\$(92,627)
Net Income (Loss)	\$(449,078)	\$(114,084)

Sales Revenue

Our sales revenue for the six month period ended May 31, 2015 was \$878,124 as compared to revenue of \$731,093 for the same period in the prior year, representing an increase of \$147,031 or 20.1%. The increase in sales revenue was a result of increased traffic acquisition programs as well as an increase in our sales staff production as compared to the prior period in 2014. .

Cost of Revenue

Our cost of revenue for the six month period ended May 31, 2015 decreased by \$6,921 or -2.2% to \$309,759, as compared to cost of revenue of \$316,680 for the same period in the prior year. Going forward we expect cost of revenue as a line item will increase year over year if we expand our business.

General & Administrative Expenses

For the six month period ended May 31, 2015, general and administrative expenses increased \$225,801 or 84% to \$494,557, as compared to general and administrative expenses of \$268,756 for the same period in 2014. The increase in general and administrative expenses during the period ended May 31, 2015 was primarily attributed to increased

staffing related expenses.

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Sales and Marketing

For the six month period ended May 31, 2015, sales and marketing expenses increased \$2,146 or 38.4% to \$7,739, as compared to sales and marketing expenses of \$5,593 for the same period in the prior year. The increase in sales and marketing expenses was primarily attributed to an increase in our sales related activities associated with the growth of our business.

Consulting Fees

For the six month period ended May 31, 2015, consulting fees increased \$9,622 or 12% to \$90,092 compared to \$80,470 for the same period in the prior year. For the remainder of 2015 we expect to incur additional consulting fees on an as needed basis.

Research and Development

For the six month period ended May 31, 2015, research and development expenses increased \$3,245 or 46.8% to \$10,174 from \$6,929 for the same period of 2014. The increase was related to expanded product testing during the year over year period. We do not anticipate material changes in R & D expenses for the remainder of 2015 over previous levels.

Amortization of Intangibles

For the six month period ended May 31, 2015, amortization of intangibles increased \$79,046 or 106.6% to \$153,168, as compared to amortization of intangibles of \$74,122 for the same period in the prior year. The increase in this expense line for the period ended May 31, 2015 is related to higher financing fees, costs and restructurings incurred during the period.

Interest and Derivative Expenses

During the six month period ended May 31, 2015, our interest expenses increased \$76,459 net to \$169,086 net, as compared to interest only expenses of \$92,627 for the same period in the prior year. The increase in interest expenses for the period ended May 31, 2015 is a direct result of costs incurred during the restructuring of fees relating to our credit facility with TCA which was reduced by a gain of \$270,873 in derivatives during the period.

Net Income (Loss)

During the six month period ended May 31, 2015, our net loss increased \$334,994 or 293.6% to a loss of \$449,078, as compared to a net loss of \$114,084 for the same period in the prior year. The increase in net loss is directly related to increased interest and financing related cost incurred during the period.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and stockholder's equity (deficit) at May 31, 2015 as compared to November 30, 2014:

	Period ended		
	(Unaudited)	(Audited)	
	May 31,	Nov. 30,	Increase/(Decrease)
	2015	2014	
Total Assets	\$2,879,799	\$3,086,807	\$ (207,008)
Total Liabilities	\$2,871,106	\$3,110,113	\$ (238,007)
Stockholders' Equity	\$7,693	\$(23,306)	\$ 30,999

As of the period ended May 31, 2015, we had total assets of \$2,879,799, for a decrease of \$207,008 or -6.7% compared to our asset level of \$3,086,807 as of November 30, 2014. The decrease to current assets is primarily attributable to a 38.4% or \$72,958 drop in accounts receivables and a 23% or \$148,168 drop in amortizable intangible assets which occurred in the normal course of our business.

As of the period ended May 31, 2015, total liabilities dropped 7.7% or \$238,007 to \$2,872,106 from \$3,110,113 at the period ended November 30, 2014. The drop is primarily related to a year over year, non-cash change in derivative liabilities of 270,873.

Management has determined that additional capital will be required in the form of equity or debt securities. In addition, if we cannot raise additional short term capital we will be forced to continue to further accrue liabilities due to our limited cash reserves. There are no assurances that management will be able to raise capital on terms acceptable to the Company. If we are unable to obtain sufficient amounts of additional capital, we may be required to reduce the scope of our planned development, which could harm our business, financial condition and operating results. If we obtain additional funds by selling any of our equity securities or by issuing common stock to pay current or future obligations, the percentage ownership of our stockholders will be reduced, stockholders may experience additional dilution, or the equity securities may have rights preferences or privileges senior to the common stock. If adequate funds are not available to us when needed on satisfactory terms, we may be required to cease operating or otherwise modify our business strategy.

Going Concern

As reflected in the financial statements, the Company had an accumulated deficit of (\$9,946,394) at May 31, 2015, a net loss and net cash used in operating activities for the period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue its operations is dependent on management's plans, which include the raising of capital through debt and/or equity markets, with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur additional liabilities with certain related parties to sustain the Company's existence. There can be no assurance that the Company will be able to raise any additional capital.

We may also require additional funding to finance the growth of our anticipated future operations as well as to achieve our strategic objectives. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all. In that event, the Company would be required to change its growth strategy and seek funding on that basis, if at all.

Our plan regarding these matters is to raise additional debt and/or equity financing to allow us the ability to cover our current cash flow requirements and meet our obligations as they become due. There can be no assurances that financing will be available or if available, that such financing will be available under favorable terms. In the event that we are unable to generate adequate revenues to cover expenses and cannot obtain additional financing in the near future, we may seek protection under bankruptcy laws. The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Derivative Financial Instruments

We estimate the fair value of our complex derivative financial instruments that are required to be carried as liabilities at fair value pursuant to Statements on Financial Accounting Standards No. 133, "Accounting for Derivative Financial Instruments and Hedging Activities (SFAS 133)."

We do not use derivative financial instruments to hedge exposures to cash-flow, market or foreign-currency risks. However, we frequently enter into certain other financial instruments and contracts, such as debt financing arrangements, preferred stock arrangements and freestanding warrants with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and closely related to host contracts or (iii) may be net-cash settled by the counterparty to a financing transaction. As required by SFAS 133, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements.

We estimate fair values of derivative financial instruments using various techniques, and combinations thereof, which are considered to be consistent with the objective measuring of fair values. In selecting the appropriate technique(s), we consider, among other factors, the nature of the instrument, the market risks that such instruments embody and the expected means of settlement. For less complex derivative instruments, such as free-standing warrants, we generally use the Black-Scholes option valuation technique, since it embodies all of the requisite assumptions, including trading volatility, estimated terms and risk free rates, necessary to fair value these instruments. For complex derivative instruments, such as embedded conversion options, we generally use the flexible Monte Carlo valuation technique since it embodies all of the requisite assumptions, including credit risk, interest- rate risk and exercise/conversion behaviors, that are necessary to fair value these more complex instruments. For forward contracts that contingently require net-cash settlement as the principal means of settlement, we project and discount future cash flows applying probability-weightage to multiple possible outcomes. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques are highly volatile and sensitive to changes in our trading market price which has high-historical volatility. Since derivative financial instruments are initially and subsequently carried at fair values, our income will reflect the volatility in these estimate and assumption changes.

Revenue Recognition

We recognize revenue when we sell a listing for one of our directories or city guides in the month the payment obligation was generated. Sales generated from third-party advertisers who list ads on our network, that are based on a pay per click model or any other payment model are recognized in the month the revenue obligation is generated.

Accounts Receivable

Accounts receivable consist primarily of trade receivables, net of a valuation allowance for doubtful accounts.

Cash and cash Equivalents

For purposes of the statement of cash flows, we consider all short-term debt securities with maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts, with any resultant gain or loss included in the results of operations. Depreciation is computed over the estimated useful lives of the assets (3-20 years) using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. Maintenance and repairs are charged to operations as incurred.

Use of Estimates

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

Goodwill and Intangible Asset Impairment

Realization of long-lived assets, including goodwill, is periodically assessed by our management. Accordingly, in the event that facts and circumstances indicate that property and equipment, and intangible or other assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value is necessary. In management's opinion, there was no impairment of such assets at May 31, 2015.

Deferred Tax Asset Allowance

We had a 100% valuation allowance on the deferred tax assets for net operating losses. Since we have become profitable, the allowance has been reduced and the deferred tax asset has been added to the balance sheet.

Off Balance Sheet Arrangements:

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

At the end of the period ended May 31, 2015, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (ii) accumulated and communicated to our management, including our chief executive officer and chief financial officer, or officers performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

There have been no changes in our internal controls over financial reporting during our second fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We may be involved from time to time in ordinary litigation, negotiation and settlement matters that will not have a material effect on our operations or finances. We are not aware of any pending or threatened litigation against us or our officers and directors in their capacity as such that could have a material impact on our operations or finances.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On January 8, 2015, we issued 258,028,571 shares of common stock to an investor related to the conversion of \$43,348.80 of debt at a price of \$0.000168 per share.

On January 21, 2015, we issued 225,000,000 shares of common stock to an investor related to the conversion of \$25,200 of debt a price of \$0.000112 per share.

On January 22, 2015, we issued 250,000,000 shares of common stock to an investor related to the conversion of \$28,000 of debt a price of \$0.000112 per share.

On January 26, 2015, we issued 116,666,667 shares of common stock to an investor related to the conversion of \$14,000 of debt a price of \$0.0012 per share.

On February 2, 2015, we issued 90,909,091 shares of common stock to an investor related to the conversion of \$10,000 of debt a price of \$0.0011 per share.

On February 2, 2015, we issued 145,772,727 shares of common stock to an investor related to the conversion of \$16,035 of debt a price of \$0.0011 per share.

On February 5, 2015, we issued 236,750,000 shares of common stock to an investor related to the conversion of \$23,675 of debt a price of \$0.001 per share.

On February 12, 2015, we issued 265,000,000 shares of common stock to an investor related to the conversion of \$24,910 of debt a price of \$0.000094 per share.

On February 23, 2015, we issued 335,166,667 shares of common stock to an investor related to the conversion of \$20,110 of debt a price of \$0.00006 per share.

On February 23, 2015, we issued 331,850,545 shares of common stock to an investor related to the conversion of \$18,251 of debt a price of \$0.000055 per share.

On February 26, 2015, we issued 335,890,909 shares of common stock to an investor related to the conversion of \$18,474 of debt a price of \$0.000055 per share.

On March 11, 2015, we issued 375,000,000 shares of common stock to an investor related to the conversion of \$20,625 of debt a price of \$0.000055 per share.

On April 23, 2015, we issued 375,000,000 shares of common stock to an investor related to the conversion of \$20,625 of debt a price of \$0.000055 per share.

Unless otherwise indicated, each of the securities described above was exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) as a transaction not involving a public offering or as a transaction made offshore to non-U.S. persons. None of the offerings were registered or qualified in any jurisdiction. In each case, the number of investors was limited, the investors were either accredited or otherwise qualified, had access to material information about us, and restrictions were placed on the resale of the securities.

Item 3. Defaults Upon Senior Securities

We are currently in default of our credit facility with TCA. We are actively negotiating an amendment with TCA to resolve the default. We cannot however guarantee the outcome of these negotiations.

Item 6. Exhibits

Exhibit Number Name and/or Identification of Exhibit

Exhibit Description

- 3.1** Articles of Incorporation, filed June 29, 1983 (included as Exhibit 3.1 to the Form 10SB12G filed September 1, 2000, and incorporated herein by reference).
- 3.2** Articles of Amendment to the Articles of Incorporation, filed July 17, 1984 (included as Exhibit 3.2 to the Form 10SB12G filed September 1, 2000, and incorporated herein by reference).
- 3.3** Articles of Amendment to the Articles of Incorporation, filed September 17, 1984 (included as Exhibit 3.3 to the Form 10SB12G filed September 1, 2000, and incorporated herein by reference).
- 3.4** Amended and Restated Articles of Incorporation, filed December 30, 1997 (included as Exhibit 3.4 to the Form 10SB12G filed September 1, 2000, and incorporated herein by reference).
- 3.5** Certificate of Amendment to the Amended and Restated Articles of Incorporation, filed May 13, 2003 (included as Exhibit 3 to the Form 10-QSB filed July 15, 2003, and incorporated herein by reference).
- 3.6** Amended and Restated Articles of Incorporation, filed July 11, 2008 (to be filed by amendment).
- 3.7** Articles of Amendment to the Amended and Restated Articles of Incorporation, filed June 22, 2010 (to be filed by amendment) .
- 3.8** Articles of Amendment to the Amended and Restated Articles of Incorporation, filed April 13, 2011 (to be filed by amendment).
- 3.9** Articles of Amendment to the Amended and Restated Articles of Incorporation, dated May 19, 2011 (to be filed by amendment).
- 3.10** Articles of Amendment to the Amended and Restated Articles of Incorporation, effective December 10, 2013, dated December 11, 2013 (to be filed by amendment).
- 3.11** Bylaws (included as Exhibit 3.5 to the Form 10SB12G filed September 1, 2000, and incorporated herein by reference).
- 4.1** Certificate of Designation of Series A Convertible Preferred Stock, filed with the State of Utah Department of Commerce on April 13, 2011 (included in Exhibit 3.8 and to be filed by amendment).
- 10.1** Executive Employment Agreement between the Company and Scott Gallagher, dated January 10, 2008 (included as Exhibit 10.1 to the Form 8-K filed January 10, 2008, and incorporated herein by reference).

10.2 Agreement for Purchase and Sale of Stock between the Company and Scott Gallagher, dated January 10, 2008 (included as Exhibit 10.2 to the Form 8-K filed January 10, 2008, and incorporated herein by reference).

10.3 Agreement for Purchase and Sale of Stock between the Company and 221 Fund, LLC, dated January 10, 2008 (included as Exhibit 10.3 to the Form 8-K filed January 10, 2008, and incorporated herein by reference).

- 10.4** Asset Purchase Agreement between the Company and FTS Group, Inc., dated March 19, 2008 (included as Exhibit 10.1 to the Form 8-K filed April 10, 2008, and incorporated herein by reference).
- 10.5** Promissory Note between due January 3, 2010, issued by the Company to FTS Group, Inc. (included as Exhibit 10.2 to the Form 8-K filed April 10, 2008, and incorporated herein by reference).
- 10.6** Credit facility with TCA Global Master Fund, dated August 30, 2014 (included as Exhibit 10.6 to the Form 10-12G/A filed May 6, 2014, and incorporated herein by reference).
- 31.1** Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) (filed herewith) .
- 32.1** Certification of Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) (filed or furnished herewith).
- 101.INS** XBRL Instance Document (filed herewith).
- 101.SCH** XBRL Taxonomy Extension Schema (filed herewith).
- 101.CAL** XBRL Taxonomy Extension Calculation Linkbase (filed herewith).
- 101.DEF** XBRL Taxonomy Extension Definition Linkbase (filed herewith).
- 101.LAB** XBRL Taxonomy Extension Label Linkbase (filed herewith).
- 101.PRE** XBRL Taxonomy Extension Presentation Linkbase (filed herewith).

SIGNATURES

In accordance with the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THEDIRECTORY.COM, INC.

Date: July 20, 2015 By: */s/ Scott Gallagher*
Scott Gallagher
Chief Executive Officer
(Principal Executive Officer)
(Principal Financial and Accounting Officer)