UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 000-22405

Information Analysis Incorporated

(Exact Name of Registrant as Specified in Its Charter)

Virginia	**54-1167364**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

11240 Waples Mill Road
Suite 201
Fairfax, Virginia 22030

(703) 383-3000
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

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 (§ 232.405 of this chapter) during the preceding 12 months (or for 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 May 10, 2014, 11,201,760 shares of common stock, par value $0.01 per share, of the registrant were outstanding.

INFORMATION ANALYSIS INCORPORATED
FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

INFORMATION ANALYSIS INCORPORATED
BALANCE SHEETS

	March 31, 2014 (Unaudited)	December 31, 2013 (see Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,268,852	$ 2,359,527
Accounts receivable, net	793,729	1,437,754
Prepaid expenses and other current assets	492,523	534,992
Notes receivable, current	5,859	6,294
Total current assets	3,560,963	4,338,567
Property and equipment, net	58,516	52,887
Notes receivable, long-term	7,658	8,665
Other assets	6,281	6,281
Total assets	$ 3,633,418	$ 4,406,400
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 57,254	$ 611,781
Commissions payable	853,447	902,972
Deferred revenue	444,843	503,482
Accrued payroll and related liabilities	211,338	221,378
Other accrued liabilities	52,810	60,796
Total current liabilities	1,619,692	2,300,409
Stockholders' equity:		
Common stock, par value $0.01, 30,000,000 shares authorized;		
12,844,376 shares issued, 11,201,760 shares outstanding as of March 31, 2014 and December 31, 2013	128,443	128,443
Additional paid-in capital	14,604,950	14,599,696
Accumulated deficit	(11,789,456)	(11,691,937)
Treasury stock, 1,642,616 shares at cost	(930,211)	(930,211)
Total stockholders' equity	2,013,726	2,105,991
Total liabilities and stockholders' equity	$ 3,633,418	$ 4,406,400

The accompanying notes are an integral part of the financial statements

INFORMATION ANALYSIS INCORPORATED
STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS
(Unaudited)

	For the three months ended March 31, 2014	2013
Revenues:		
Professional fees	$ 875,260	$ 1,180,806
Software sales	304,550	136,243
Total revenues	1,179,810	1,317,049
Cost of revenues:		
Cost of professional fees	497,827	690,643
Cost of software sales	227,705	113,342
Total cost of revenues	725,532	803,985
Gross profit	454,278	513,064
Selling, general and administrative expenses	445,819	454,280
Commission expense	108,677	112,306
Loss from operations	(100,218)	(53,522)
Other income	2,699	1,381
Loss before provision for income taxes	(97,519)	(52,141)
Provision for income taxes	--	--
Net loss	$ (97,519)	$ (52,141)
Comprehensive loss	$ (97,519)	$ (52,141)
Loss per common share:		
Basic	$ (0.01)	$ (0.00)
Diluted	$ (0.01)	$ (0.00)
Weighted average common shares outstanding:		
Basic	11,201,760	11,201,760
Diluted	11,201,760	11,201,760

The accompanying notes are an integral part of the financial statements

INFORMATION ANALYSIS INCORPORATED
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended March 31, 2014	2013
Cash flows from operating activities:		
Net loss	$ (97,519)	$ (52,141)
Adjustments to reconcile net loss to		
net cash used in operating activities:		
Depreciation and amortization	7,585	5,657
Stock-based compensation	5,254	3,487
Changes in operating assets and liabilities:		
Accounts receivable	644,025	(159,196)
Prepaid expenses and other current assets	42,469	(9,700)
Accounts payable and accrued expenses	(572,553)	(19,410)
Deferred revenue	(58,639)	(34,244)
Commissions payable	(49,525)	(15,977)
Net cash used in operating activities	(78,903)	(281,524)
Cash flows from investing activities:		
Capital expenditures	(13,214)	(2,909)
Increase in notes receivable	--	(10,000)
Payments received on notes receivable	1,442	824
Net cash used in investing activities	(11,772)	(12,085)
Net decrease in cash and cash equivalents	(90,675)	(293,609)
Cash and cash equivalents, beginning of the period	2,359,527	2,623,016
Cash and cash equivalents, end of the period	$ 2,268,852	$ 2,329,407
Supplemental cash flow information		
Interest paid	$ --	$ --
Income taxes paid	$ --	$ --

The accompanying notes are an integral part of the financial statements

INFORMATION ANALYSIS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

Information Analysis Incorporated ("IAI", or the "Company") was incorporated under the laws of the Commonwealth of Virginia in 1979 to develop and market computer applications software systems, programming services, and related software products and automation systems. The Company provides services to customers throughout the United States, with a concentration in the Washington, D.C. metropolitan area.

The accompanying unaudited financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions for Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the unaudited financial statements include all adjustments necessary (which are of a normal and recurring nature) for the fair and not misleading presentation of the results of the interim periods presented. These unaudited financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2013 included in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 31, 2014 (the "Annual Report"). The accompanying December 31, 2013 financial information was derived from our audited financial statements included in the Annual Report. The results of operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and amounts included in other current assets and current liabilities that meet the definition of a financial instrument approximate fair value because of the short-term nature of these amounts. The carrying amount of notes receivable approximates fair value based on interest rates currently available.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Company earns revenue from both professional services and sales of software and related support. The Company recognizes revenue when a contract has been executed, the contract price is fixed and determinable, delivery of services or products has occurred, and collectability of the contract price is considered probable and can be reasonably estimated. Revenue from professional services is earned under time and materials and fixed-price contracts. For sales of third-party software products, revenue is recognized upon product delivery, with any maintenance related revenues recognized ratably over the maintenance period.

Revenue on time and materials contracts is recognized based on direct labor hours expended at contract billing rates and adding other billable direct costs.

For fixed-price contracts that are based on unit pricing, the Company recognizes revenue for the number of units delivered in any given reporting period.

For fixed-price contracts in which the Company is paid a specific amount to be available to provide a particular service for a stated period of time, revenue is recognized ratably over the service period. The Company applies this method of revenue recognition to renewals of maintenance contracts on third-party software sales from prior years and to separable

2. Summary of Significant Accounting Policies (continued)

maintenance elements of sales of third-party software that include fixed terms of maintenance, such as Adobe and Micro Focus software, for which the Company is responsible for "first line support" to the customer and for serving as a liaison between the customer and the third-party maintenance provider for issues the Company is unable to resolve.

The Company reports revenue on both gross and net bases on a transaction by transaction analysis using authoritative guidance issued by the Financial Accounting Standards Board (the "FASB"). The Company considers the following factors to determine the gross versus net presentation: if the Company (i) acts as principal in the transaction; (ii) takes title to the products; (iii) has risks and rewards of ownership, such as the risk of loss for collection, delivery or return; and (iv) acts as an agent or broker (including performing services, in substance, as an agent or broker) with compensation on a commission or fee basis. Generally, sales of third-party software products such as Adobe and Micro Focus products are reported on a gross basis with the Company acting as the principal in these arrangements. This determination is based on the following: 1) the Company has inventory risk as suppliers are not obligated to accept returns, 2) the Company has reasonable latitude, within economic constraints, in establishing price, 3) the Company, in its marketing efforts, frequently aids the customer in determining product specifications, 4) the Company has physical loss and inventory risk as title transfers at the shipping point, 5) the Company bears full credit risk, and 6) the amount the Company earns in the transaction is neither a fixed dollar amount nor a fixed percentage. Generally, revenue derived for facilitating a sales transaction of Adobe products in which a customer introduced by the Company makes a purchase directly from the Company's supplier or another designated reseller is recognized net when the commission payment is received since the Company is merely acting as an agent in these arrangements. Since the Company is not a direct party in the sales transaction, payment by the supplier is the Company's confirmation that the sale occurred.

For software and software-related multiple element arrangements, the Company must: (1) determine whether and when each element has been delivered; (2) determine whether undelivered products or services are essential to the functionality of the delivered products and services; (3) determine the fair value of each undelivered element using vendor-specific objective evidence ("VSOE"), and (4) allocate the total price among the various elements. Changes in assumptions or judgments or changes to the elements in a software arrangement could cause a material increase or decrease in the amount of revenue that the Company reports in a particular period.

The Company determines VSOE for each element based on historical stand-alone sales to third parties or from the stated renewal rate for the elements contained in the initial arrangement. The Company has established VSOE for its third-party software maintenance and support services.

The Company's contracts with agencies of the U.S. federal government are subject to periodic funding by the respective contracting agency. Funding for a contract may be provided in full at inception of the contract, ratably throughout the contract as the services are provided, or subject to funds made available incrementally by legislators. In evaluating the probability of funding for purposes of assessing collectability of the contract price, the Company considers its previous experiences with its customers, communications with its customers regarding funding status, and the Company's knowledge of available funding for the contract or program. If funding is not assessed as probable, revenue recognition is deferred until realization is deemed probable.

Payments received in advance of services performed are recorded and reported as deferred revenue. Services performed prior to invoicing customers are recorded as unbilled accounts receivable and are presented on the Company's balance sheets in the aggregate with accounts receivable.

Notes Receivable

The notes receivable balance consists of two notes issued to non-officer employees of the Company. The first note bears interest compounded at 3.5% per annum, requires equal semi-monthly payments, and will mature on January 25, 2017. The second note was issued August 8, 2013, bears interest compounded at 3.5%, requires equal semi-monthly payments, and will mature on February 25, 2015.

2. Summary of Significant Accounting Policies (continued)

Stock-Based Compensation

Total stock-based compensation expense was $5,254 and $3,487 for the quarters ended March 31, 2014 and 2013, respectively, of which $564 and $0 related to options awarded to non-employees for the quarters ended March 31, 2014 and 2013, respectively. The Company estimates the fair value of options granted using the Black-Scholes valuation model to establish the expense. When stock-based compensation is awarded to employees, the expense is recognized ratably over the vesting period. When stock-based compensation is awarded to non-employees, the expense is recognized over the period of performance.

Income Taxes

As of March 31, 2014, there have been no material changes to the Company's uncertain tax position disclosures as provided in Note 7 of the Annual Report. The Company does not anticipate that total unrecognized tax benefits will significantly change prior to March 31, 2014.

3. Stock-Based Compensation

There were no option awards granted to employees and no option awards granted to non-employees in the three months ended March 31, 2014 and there were 160,000 option awards granted to employees and no option awards granted to non-employees in the three months ended March 31, 2013. The fair values of option awards granted in the three months ended March 31, 2013 were estimated using the Black-Scholes option pricing model using the following assumptions:

Risk free interest rate	0.88 – 0.90%
Dividend yield	0%
Expected term	5 years
Expected volatility	62.8%

The status of the options issued as of March 31, 2014 and changes during the three months ended March 31, 2014 and 2013 were as follows:

	Options outstanding		
	Number of shares		Weighted average exercise price per share
Balance at December 31, 2013	1,187,000	$	0.26
Options granted, exercised, expired or forfeited	--		--
Balance at March 31, 2014	1,187,000	$	0.26

	Options outstanding		
	Number of shares		Weighted average exercise price per share
Balance at December 31, 2012	1,032,500	$	0.29
Options granted	160,000		0.16
Options exercised, expired or forfeited	(10,000)		0.15
Balance at March 31, 2013	1,182,500	$	0.28

3. Stock-Based Compensation (continued)

The following table summarizes information about options at March 31, 2014:

Options outstanding				Options exercisable			
Total shares	Weighted average exercise price	Weighted average remaining contractual life in years	Aggregate intrinsic value	Total shares	Weighted average exercise price	Weighted average remaining contractual life in years	Aggregate intrinsic value
1,187,000	$ 0.26	6.00	$ 60,518	910,750	$ 0.30	4.98	$ 35,483

Nonvested stock awards as of March 31, 2014 and changes during the three months ended March 31, 2014 were as follows:

	Nonvested	
	Number of shares	Weighted average grant date fair value
Balance at December 31, 2013	431,250	$ 0.08
Vested	(155,000)	0.08
Balance at March 31, 2014	276,250	$ 0.08

As of March 31, 2014 and 2013, unrecognized compensation cost associated with non-vested share-based employee and non-employee compensation totaled $11,469 and $12,407, respectively, which are expected to be recognized over weighted average periods of 7 months and 6 months, respectively.

4. Loss Per Share

Basic loss per share excludes dilution and is computed by dividing loss available to common shareholders by the weighted-average number of shares outstanding for the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, except for periods when the Company reports a net loss because the inclusion of such items would be antidilutive.

The following is a reconciliation of the amounts used in calculating basic and diluted net loss per common share:

	Net Income	Shares	Per Share Amount
Basic net loss per common share for the three months ended March 31, 2014:			
Loss available to common stockholders	$ (97,519)	11,201,760	$ (0.01)
Effect of dilutive stock options	-	-	-
Diluted net loss per common share for the three months ended March 31, 2014	$ (97,519)	11,201,760	$ (0.01)
Basic net loss per common share for the three months ended March 31, 2013:			
Loss available to common stockholders	$ (52,141)	11,201,760	$ (0.00)
Effect of dilutive stock options	-	-	-
Diluted net loss per common share for the three months ended March 31, 2013	$ (52,141)	11,201,760	$ (0.00)

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

Cautionary Statement Regarding Forward-Looking Statements

This Form 10-Q contains forward-looking statements regarding our business, customer prospects, or other factors that may affect future earnings or financial results that are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which could cause actual results to vary materially from those expressed in the forward-looking statements. Investors should read and understand the risk factors detailed in our Form 10-K for the fiscal year ended December 31, 2013 and in other filings with the Securities and Exchange Commission.

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. This list highlights some of the risks which may affect future operating results. These are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties, not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties actually occurs, our business, financial condition and operating results would likely suffer. These risks include, among others, the following:

- changes in the funding priorities of the U.S. federal government;
- changes in the way the U.S. federal government contracts with businesses;
- terms specific to U.S. federal government contracts;
- our failure to keep pace with a changing technological environment;
- intense competition from other companies;
- inaccuracy in our estimates of the cost of services and the timeline for completion of contracts;
- non-performance by our subcontractors and suppliers;
- our dependence on key personnel;
- our dependence on third-party software and software maintenance suppliers;
- our failure to adequately integrate businesses we may acquire;
- fluctuations in our results of operations and the resulting impact on our stock price;
- the exercise of outstanding options;
- our failure to adequately protect our intellectual property;
- the limited public market for our common stock; and
- our forward-looking statements and projections may prove to be inaccurate.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “intends,” “potential” and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We discuss many of these risks in greater detail under the heading “Risk Factors” in Item 1A. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as required by law, we assume no obligation to update any forward-looking statements after the date of this report.

Our Business

Founded in 1979, IAI is in the business of modernizing client information systems, developing and maintaining information technology systems, developing electronic forms, and performing consulting services to government and commercial organizations. We have performed software conversion projects for over 100 commercial and government customers, including Computer Sciences Corporation, IBM, Computer Associates, Sprint, Citibank, U.S. Department of Homeland Security, U.S. Treasury Department, U.S. Department of Agriculture, U.S. Department of Energy, U.S. Army, U.S. Air Force, U.S. Department of Veterans Affairs, and the Federal Deposit Insurance Corporation. Today, we primarily apply our technology, services and experience to legacy software migration and modernization for commercial companies and government agencies, and to developing web-based solutions for agencies of the U.S. federal government.

Four of our customers - two of which are U.S. government agencies with which we contract directly, one of which is a company under which we subcontract for services to U.S. government agencies, and one of which is a commercial customer - represent material portions of our revenue. These customers collectively accounted for 55.1% of our revenue in the first quarter of 2014. The two U.S. government agency customers accounted for 17.7% and 11.0%, respectively, of revenue, the company under which we subcontract for services to U.S. government agencies accounted for 12.2% of revenue, and the commercial customer accounted for 14.2% of revenue in the first three months of 2014.

In the first three months of 2013, three of our customers - one of which is a U.S. government agency with which we contract directly and two of which are companies under which we subcontract for services to U.S. government agencies – represented material portions of our revenue. These customers accounted for 18.7% (direct) and 22.4% and 20.5% (under subcontract) of revenue in the first three months of 2013.

Three Months Ended March 31, 2014 versus Three Months Ended March 31, 2013

Revenue
Our revenues in the first quarter of 2014 were $1,179,810 compared to $1,317,049 in 2013, a decrease of 10.4%. Professional fees revenue was $875,260 versus $1,180,806, a decrease of 25.9%, and software product and maintenance revenue was $304,550 versus $136,243, an increase of 123.5%. The decrease in our professional fees revenue is due to the expiration, near completion, or change of phase of certain contracts, reductions in funding of certain contracts, and variations in the quantity of work completed under contracts where the work is done by customer request. The increase in our software product and maintenance revenue is due to a few larger orders, as well as a number of smaller orders that we have won by utilizing some of the auction-style bidding processes now in place for U.S. government agencies. Software product and maintenance sales and associated margins are subject to considerable fluctuation from period to period, based on the product mix sold.

Gross Profit
Gross profit was $454,278, or 38.5% of revenue in the first quarter of 2014 versus $513,064, or 39.0% of revenue in the first quarter of 2013. For the quarter ended March 31, 2014, $377,433 of the gross profit was attributable to professional fees at a gross profit percentage of 43.1%, and $76,845 of the gross profit was attributable to software sales at a gross margin percentage of 25.2%. In the same quarter in 2013, we reported gross profit of $490,163, or 41.5% of sales for professional fees and $22,901, or 16.8% of sales for software sales. Gross profit on professional fees decreased with the reduction in revenue, as detailed above, but gross profit as a percentage of sales on professional fees increased 1.6% due to some of the reductions in revenue having come from lower-margin contracts. Gross profit on software sales increased in terms of dollars and as a percentage of revenue due to a portion of the revenue having come from referral fees for facilitating third-party sales, for which there were no direct costs incurred by us, as well as the use of new bidding avenues, which has exposed us to new customers and allows us to decide how much margin will be acceptable. Software product sales and associated margins are subject to considerable fluctuation from period to period, based on the product mix sold.

Selling, General and Administrative Expenses
Selling, general and administrative expenses, exclusive of sales commissions, were $445,819, or 37.8% of revenues, in the first quarter of 2014 versus $454,280, or 34.5% of revenues, in the first quarter of 2013. These expenses decreased $8,461, or 1.9%, due largely to decreases in non-billable labor costs, recruiting fees, and advertising and business promotion expenses.

Commission expense was $108,677, or 9.2% of revenues, in the first quarter of 2014 versus $112,306, or 8.5% of revenues, in the first quarter of 2013. This decrease of $3,629, or 3.2%, is due to the decreases in revenue, gross profit, and operating income on commissionable contracts, which drive commission earned at varying rates for each salesperson.

Net Loss
Net loss for the three months ended March 31, 2014, was $97,519, or 8.3% of revenue, versus net loss of $52,141, or 4.0% of revenue, for the same period in 2013.

Liquidity and Capital Resources

Our cash and cash equivalents balance, when combined with our cash flow from operations during the first three months of 2014, were sufficient to provide financing for our operations. Our net cash used in the combination of our operating, investing, and financing activities in the first three months of 2014 was $90,675. This net cash used, when subtracted from a beginning balance of $2,359,527 yielded cash and cash equivalents of $2,268,852 as of March 31, 2014. Our accounts receivable balances decreased $644,025 due to a reduction in large software sales orders, prepaid expenses and other current assets decreased $42,469 due primarily to the prepaid expenses associated with the maintenance contracts on those software sales, accounts payable and accrued expenses decreased $572,553, due again to the software sales decreases, and deferred revenue decreased $58,639 due to the recognition of revenue from maintenance contracts on software sales. We had no non-current liabilities as of March 31, 2014.

We have a revolving line of credit with a bank providing for demand or short-term borrowings of up to $1,000,000. The line became effective December 20, 2005, and expires on December 1, 2014. As of March 31, 2014, no amounts were outstanding under this line of credit.

Given our current cash position and operating plan, we anticipate that we will be able to meet our cash requirements for the next twelve months and beyond.

We presently lease our corporate offices on a contractual basis with certain timeframe commitments and obligations. We believe that our existing offices will be sufficient to meet our foreseeable facility requirement. Should we need additional space to accommodate increased activities, management believes we can secure such additional space on reasonable terms.

We have no material commitments for capital expenditures.

We have no off-balance sheet arrangements.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, and people performing similar functions, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of March 31, 2014 (the "Evaluation Date"). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, 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 (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Because of the inherent limitations in all control systems, no control system can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of a person, by collusion of two or more people or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. Notwithstanding these limitations, we believe that our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

"Item 1A. Risk Factors" of our annual report on Form 10-K for the year ended December 31, 2013 includes a discussion of our risk factors. There have been no material changes from the risk factors described in our annual report on Form 10-K for the year ended December 31, 2013.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

In accordance with the requirements of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Information Analysis Incorporated

Date: May 14, 2014

By: /s/ Sandor Rosenberg
Sandor Rosenberg
Chairman of the Board, Chief Executive Officer, and President

Date: May 14, 2014

By: /s/ Richard S. DeRose
Richard S. DeRose
Executive Vice President, Treasurer, and Chief Financial Officer

Exhibit 31.1

CERTIFICATIONS

I, Sandor Rosenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Information Analysis Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: May 14, 2014 By: /S/ Sandor Rosenberg
Sandor Rosenberg, Chairman of the Board,
Chief Executive Officer and President

A signed original of this written statement required by Section 302 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request

Exhibit 31.2

CERTIFICATIONS

I, Richard S. DeRose,
certify that:

1. I have reviewed this quarterly report on Form 10-Q of Information Analysis Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 14, 2014 By: /S/ Richard S. DeRose
Richard S. DeRose, Executive Vice
President, Treasurer, Chief Financial Officer

A signed original of this written statement required by Section 302 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request

Exhibit 32.1

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Sandor Rosenberg, Chief Executive Officer of Information Analysis Incorporated, a Virginia corporation (the “Company”), do hereby certify, to the best of my knowledge, that:

1 the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the periods presented therein.

Date: May 14, 2014 By: /S/ Sandor Rosenberg
Sandor Rosenberg, Chairman of the
Board, Chief Executive Officer, and President

A signed original of this written statement required by Section 906 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Richard S. DeRose, Chief Financial Officer of Information Analysis Incorporated, a Virginia corporation (the "Company"), do hereby certify, to the best of my knowledge, that:

1 the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the periods presented therein.

Date: May 14, 2014 By: /S/ Richard S. DeRose
Richard S. DeRose, Executive
Vice President, Treasurer, and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.