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

Form 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2006

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _________ to ___________

Commission File Number: 0-29020

ViewCast.com, Inc.
(Exact Name of Small Business Issuer as Specified in its Charter)

Delaware	75-2528700
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Incorporation Identification No.)

3701 W. Plano Parkway, Suite 300, Plano, TX 75075
(Address of principal executive offices)

972/488-7200
(Issuer's Telephone Number)

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

As of October 31, 2006, 25,627,959 shares of the Registrant's common stock were outstanding.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

ViewCast.com, Inc. and Subsidiaries
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PART I. FINANCIAL INFORMATION

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2005	September 30, 2006 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,447,873	$ 647,820
Accounts receivable, less allowance for doubtful accounts of $13,171 and $40,756 at December 31, 2005 and September 30, 2006, respectively	1,304,776	1,294,354
Inventories	2,011,491	2,076,728
Prepaid expenses	73,074	163,119
Total current assets	4,837,214	4,182,021
Property and equipment, net	284,828	449,908
Software development costs and patents, net	122,931	262,977
Deposits	29,326	44,866
Total assets	$ 5,274,299	$ 4,939,772
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 582,263	$ 999,503
Accrued expenses	1,243,377	2,234,439
Stockholder line of credit	3,350,000	3,350,000
Current maturities of long-term debt	142,389	311,505
Total current liabilities	5,318,029	6,895,447
Long-term debt less current maturities	3,298	1,085
Stockholder note payable	6,775,230	6,602,490
Stockholder accrued interest	2,213,761	2,364,197
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $0.0001 par value, authorized 5,000,000 shares:		
Series B convertible - issued and outstanding shares - 800,000	80	80
Series C convertible - issued and outstanding shares - 200,000	20	20
Common stock, $.0001 par value, authorized 100,000,000 shares: Issued shares - 25,889,456 at December 31, 2005 and September 30, 2006 respectively	2,589	2,589
Additional paid-in capital	59,718,393	59,723,231
Accumulated deficit	(68,745,195)	(70,637,461)
Treasury stock, 261,497 shares at cost	(11,906)	(11,906)
Total stockholders' deficit	(9,036,019)	(10,923,447)
Total liabilities and stockholders' deficit	$ 5,274,299	$ 4,939,772

The accompanying notes are an integral part of these condensed consolidated statements.

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	**2006**	**2005**	**2006**
Net sales	**$ 3,213,971**	**$ 3,299,321**	**$ 8,291,440**	**$ 9,740,754**
Cost of sales	1,334,280	1,488,493	3,401,000	4,376,698
Gross profit	**1,879,691**	**1,810,828**	**4,890,440**	**5,364,056**
Operating expenses:				
Selling, general and administrative	1,417,956	1,493,002	4,058,344	4,811,627
Research and development	479,041	417,707	1,773,000	1,523,181
Depreciation and amortization	47,765	72,293	139,973	197,070
Total operating expenses	1,944,762	1,983,002	5,971,317	6,531,878
Operating loss	**(65,071)**	**(172,174)**	**(1,080,877)**	**(1,167,822)**
Other expense:				
Interest expense	253,506	239,468	687,445	710,856
Debt conversion expense	-	-	485,798	-
Other	(1,436)	5,008	(1,477)	13,588
Total other expense	(252,070)	(244,476)	(1,171,766)	(724,444)
Loss from continuing operations	**(317,141)**	**(416,650)**	**(2,252,643)**	**(1,892,266)**
Income from discontinued operations	74,366	-	142,338	-
NET LOSS	**$ (242,775)**	**$ (416,650)**	**$ (2,110,305)**	**$ (1,892,266)**
Preferred dividends	(206,494)	(206,494)	(612,749)	(612,749)
Net loss applicable to common stockholders	**$ (449,269)**	**$ (623,144)**	**$ (2,723,054)**	**$ (2,505,015)**
Net loss per share - basic and diluted:				
Continuing operations	$ (0.02)	$ (0.02)	$ (0.12)	$ (0.10)
Discontinued operations	0.00	0.00	0.01	0.00
Net loss per share - basic and diluted	**$ (0.02)**	**$ (0.02)**	**$ (0.11)**	**$ (0.10)**
Weighted average number of common shares outstanding - basic and diluted	**25,627,959**	**25,627,959**	**24,745,561**	**25,627,959**

The accompanying notes are an integral part of these condensed consolidated statements.

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006
(UNAUDITED)

	Series B Convertible Preferred Stock Shares	Series B Convertible Preferred Stock Par Value	Series C Convertible Preferred Stock Shares	Series C Convertible Preferred Stock Par Value	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders' Deficit
Balances, December 31, 2005	**800,000**	**$ 80**	**200,000**	**$ 20**	**25,889,456**	**$ 2,589**	**$ 59,718,393**	**$ (68,745,195)**	**$ (11,906)**	**$ (9,036,019)**
Stock based compensation expense	-	-	-	-	-	-	4,838	-	-	4,838
Net loss	-	-	-	-	-	-	-	(1,892,266)	-	(1,892,266)
Balances, September 30, 2006	**800,000**	**$ 80**	**200,000**	**$ 20**	**25,889,456**	**$ 2,589**	**$ 59,723,231**	**$ (70,637,461)**	**$ (11,906)**	**$ (10,923,447)**

The accompanying notes are an integral part of this condensed consolidated statement.

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the nine months ended September 30, 2005	2006
Operating activities:		
Net loss from continuing operations	$ (2,252,643)	$ (1,892,266)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Income from discontinued operations	142,338	-
Bad debt expense	62,734	27,585
Depreciation of fixed assets	93,874	141,329
Amortization of software development costs	46,099	55,741
Non-cash debt conversion expense	485,798	-
Stock based compensation expense	-	4,838
Loss on disposition of property and equipment	121	16,930
Changes in operating assets and liabilities		
Accounts receivable	(336,832)	(17,163)
Inventories	(562,621)	(65,237)
Prepaid expenses	(27,762)	(90,045)
Deposits	14,485	(15,540)
Accounts payable	286,430	417,240
Accrued expenses and stockholder accrued interest	956,749	1,141,498
Deferred revenue	(11,242)	-
Net cash used in continuing operations	(1,102,472)	(275,090)
Net cash provided by discontinued operations	81,722	-
Net cash used in operating activities	**(1,020,750)**	**(275,090)**
Investing activities:		
Capitalized software development costs and patents	-	(179,593)
Purchase of property and equipment	(122,264)	(339,533)
Net cash used in continuing operations	(122,264)	(519,126)
Net cash used by discontinued operations	(99,157)	-
Net cash used in investing activities	**(221,421)**	**(519,126)**
Financing activities:		
Net proceeds from stockholder line of credit	1,150,000	-
Proceeds from sale of common stock and warrant	10,518	-
Repayments of long-term debt	(4,553)	(5,837)
Net cash provided by (used in) continuing operations	1,155,965	(5,837)
Net cash used in discontinued operations	(152,837)	-
Net cash provided by (used in) financing activities	**1,003,128**	**(5,837)**
Net decrease in cash and cash equivalents	**(239,043)**	**(800,053)**
Cash and cash equivalents, beginning of period	**247,121**	**1,447,873**
Cash and cash equivalents, end of period	**$ 8,078**	**$ 647,820**
Supplemental cash flow information:		
Cash paid for interest	$ 2,841	$ 1,558
Supplemental non-cash flow operating activities:		
Conversion of Series D redeemable convertible preferred stock to common stock	$ 1,506,700	$ -

The accompanying notes are an integral part of these condensed consolidated statements.

ViewCast.com, Inc. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements

1. Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of ViewCast.com, Inc. and its wholly-owned subsidiaries, Osprey Technologies, Inc., VideoWare, Inc., ViewCast Online Solutions, Inc., and Viewcast Technology Services Corporation, previously known as Delta Computec Inc. ("DCi") (collectively, the Company or ViewCast). All inter-company accounts and transactions have been eliminated in consolidation. See Note 4 regarding discontinued operations.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. 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 only of normal recurring accruals) considered necessary for a fair presentation have been included. Certain prior period balances have been reclassified to conform to current period presentation related to discontinued operations in 2005. Operating results for the three and nine months ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB/A for the year ended December 31, 2005 filed with the Securities and Exchange Commission.

The Company utilizes significant capital to design, develop and commercialize its products and intends to fund its 2006 operating activities and sales growth by utilizing cash contributed from operations and its available working capital lines of credit to the extent possible. The Company anticipates it will require additional working capital during 2006 and 2007 to support the expansion of sales channels and market distribution, to develop and introduce new products and services, to enhance existing product offerings, to address unanticipated competitive threats or technical problems, to transition adverse economic conditions and for potential acquisition transactions. Therefore, on November 18, 2005, ViewCast sold the assets and operations of DCi for a combination of $3,000,000 in cash at closing, $300,000 in contingent cash payments and the assumption of certain liabilities as outlined in the terms of the agreement. This transaction allowed ViewCast to retain the benefit of DCi as a reseller and installation and maintenance partner, while reinvesting in our core growth business of video communications products. Additionally, the proceeds of the sale were used to reduce debt and strengthen our balance sheet.

Although the Company has no other firm arrangements with respect to additional capital financing, it considers on an ongoing basis proposals received from potential investors relating to the issuance of equity securities in exchange for a cash investment in the Company. There can be no assurance that additional financing will be available to the Company on acceptable terms, or at all. Additional equity financing may involve substantial dilution to our then existing stockholders. The Company intends to actively pursue other such strategic merger and acquisition activities to the extent possible. In the event the Company is unable to raise additional capital or execute other alternatives, we may be required to sell segments of the business, or substantially reduce or curtail our activities. Such actions could result in charges that could be material to the ViewCast's results of operations or financial position.

New Accounting Pronouncements. On July 13, 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes: an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies Statement 109, Accounting for Income Taxes, to indicate the criteria that an individual tax position would have to meet for some or all of the benefit of that position to be recognized in an entity's financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006. We are currently evaluating the requirements under FIN 48 and the effect, if any, that the adoption of FIN 48 will have on our consolidated financial statements, statement of cash flows or earnings per share.

The U.S. Securities and Exchange Commission released Staff Accounting Bulletin 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements ("SAB 108").* The Staff Accounting Bulletin provides guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. We will initially apply SAB 108 for the fiscal year ending December 31, 2006. We are currently evaluating the requirements under SAB 108 and the effect, if any, that the adoption of SAB 108 will have on our consolidated statement of earnings, financial condition, statement of cash flows, or earnings per share.

2. Accounts Receivable

The Company's accounts receivable are primarily due from resellers and distributors of our video communications products and services. Credit is extended based on evaluation of each customer's financial condition and, generally, collateral is not required except for certain international customers. Accounts receivable are generally due within 30 days and are stated net of an allowance for doubtful accounts. Accounts that are outstanding longer than contractual payment terms are considered past due. The Company records an allowance on a specific basis by considering a number of factors, including the length of time trade accounts are past due, the Company's previous loss history, the credit-worthiness of individual customers, economic conditions affecting specific customer industries and economic conditions in general. The Company writes-off accounts receivable when they become uncollectible and payments subsequently received on such receivables are credited against write-offs in the period the payment is received.

Changes in the Company's allowance for doubtful accounts for the three and nine months ended September 30, 2005 and 2006 are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2006	2005	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Beginning balance	$ 37,964	$ 33,982	$ 13,382	$ 13,171
Bad debt expense	27,431	6,774	62,734	27,585
Uncollectible accounts written off	-	-	(10,721)	-
Recoveries	1,818	-	1,818	-
Ending balance	$ 67,213	$ 40,756	$ 67,213	$ 40,756

3. Inventories

Inventories consist of the following:

	December 31, 2005	September 30, 2006
		(Unaudited)
Purchased materials	$ 775,232	$ 1,172,189
Finished goods	1,236,259	904,539
	$ 2,011,491	$ 2,076,728

4. Discontinued Operations

On November 18, 2005, the Company sold the assets and operations of DCi for a combination of $3,000,000 in cash at closing, $300,000 in contingent cash payments and the assumption of certain liabilities as outlined in the terms of the agreement. The unaudited operating results from discontinued operations are as follows:

	Three months ended September 30, 2005 (Unaudited)	Nine months ended September 30, 2005 (Unaudited)
Net sales	$ 2,985,069	$ 8,989,692
Cost of sales	2,268,937	6,947,055
Gross profit	716,132	2,042,637
Operating expenses	620,849	1,860,624
Operating income	95,283	182,013
Other expense:	(7,052)	(25,810)
Net loss before taxes	88,231	156,203
Income tax expense	(13,865)	(13,865)
Net income	$ 74,366	$ 142,338

5. Accrued Expenses

Accrued expenses consist of the following:

	December 31, 2005	September 30, 2006
		(Unaudited)
Stockholder accrued interest (short-term)	$ 758,086	$ 1,334,651
Accrued compensation	126,026	208,025
Accrued warranty	57,667	55,732
Accrued inventory purchases	71,162	189,400
Accrued taxes and other	230,436	446,631
	$ 1,243,377	$ 2,234,439

6. Warranty Reserves

Reserves are provided for the estimated warranty costs when revenue is recognized. The costs of warranty obligations are estimated based on warranty policy or applicable contractual warranty, historical experience of known product failure rates and use of materials and service delivery charges incurred in correcting product failures. Specific warranty accruals may be made if unforeseen technical problems arise. If actual experience, relative to these factors, significantly differs from these estimates, additional warranty expense may be required.

The following table below shows the roll forward of accrued warranty expense for the three and nine months ended September 30, 2005 and 2006:

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2006	2005	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Beginning balance	$ 67,698	$ 63,399	$ 57,744	$ 57,667
Charged to expense	13,180	15,224	32,188	44,669
Usage	(22,335)	(22,891)	(31,389)	(46,604)
Ending Balance	$ 58,543	$ 55,732	$ 58,543	$ 55,732

7. Property and Equipment

Property and equipment, at cost, consists of the following:

	Estimated Useful Life (Years)	December 31, 2005	September 30, 2006
			(Unaudited)
Computer equipment	3 to 7	$ 1,185,281	$ 398,709
Software	3 to 5	625,835	153,709
Leasehold improvements	1 to 5	23,232	121,746
Furniture and equipment	5 to 7	658,562	584,924
		2,492,910	1,259,088
Less accumulated depreciation and amortization		(2,208,082)	(809,180)
		$ 284,828	$ 449,908

8. Short-Term Debt

Stockholder Line of Credit

Since October 1998, the Company has maintained a working capital line of credit facility with an entity controlled by one of its principal stockholders, Mr. H.T. Ardinger. In October 2003, ViewCast.com, Inc., Osprey Technologies, Inc. and VideoWare, Inc. (jointly and severally, "the Borrower") amended the terms and conditions of this credit facility and security agreement with the Ardinger Family Partnership, Ltd. ("Lender"). Effective October 15, 2003, the terms and conditions of the credit facility were amended to establish a term note, a revolving credit note and a revised security agreement. The term note provided for a long-term payout for the $6,909,582 note principal and accrued interest of $1,243,665. Additionally, a revolving credit note of up to $2.0 million was established with an initial principal amount $1.1 million. The amended credit facility agreement is secured by all assets of the Borrower.

During 2004, the Company entered into amendments of the terms and conditions of the credit facility to increase the credit line of the revolving credit note to $3.0 million and extended the commencement date for the scheduled payments of the term note and accrued interest to December 31, 2004. During 2005, the Company amended the terms and conditions of the credit facility to increase the credit line of the revolving credit note to $4.0 million and extended the commencement date of scheduled payments of the term note and accrued interest to November 30, 2005. Subsequently, on March 22, 2006, the Company amended the terms and conditions of the credit facility to extend the revolving maturity date of the revolving credit note from December 31, 2005 to June 30, 2006, to extend the term maturity date of the term note from December 31, 2006 to December 31, 2007 and to extend the commencement date of scheduled payments of the term note and accrued interest from November 30, 2005 to June 30, 2006. The Company is negotiating the restructuring of the credit facility and the extension of the revolving maturity date of the revolving credit note and the commencement date of scheduled payments of the term note and accrued interest.

At September 30, 2006, the revolving credit note principal balance was $3,350,000 and the Company had availability under the revolving credit note of $650,000. Interest is due on demand at the lesser of prime plus 3.0% (8.25% at December 31, 2005 and September 30, 2006) or 9.5% fixed rate. At September 30, 2006 the Company had outstanding $731,662 in stockholder accrued interest from the revolving credit note and $602,989 of scheduled interest payments for a total of $1,334,651 of short-term stockholder accrued interest.

9. Long-Term Debt

Stockholder Term Note

In October 2003, the Company amended the terms and conditions of its then outstanding stockholder credit facility establishing a term note that provided for a long-term payout of the $6,909,582 note principal and $1,243,665 of accrued interest. The term note agreement significantly reduced the per annum interest rate from the original 12% fixed rate to the lesser of prime plus 3.0% (8.25% as of September 30, 2006) or 9.5% and requires monthly principal repayments of $19,193 and monthly interest payments of $37,687 commencing on June 30, 2006 and continuing on the last day of each calendar month with a balloon payment for the remaining principal amount due December 31, 2007. The Company is negotiating the restructuring of the credit facility and the extension of the commencement date of scheduled payments of the term note and accrued interest. As of September 30, 2006, the total stockholder accrued interest, less the current portion, was $2,364,197. There are no covenants in connection with the term note.

In the following table, the Company's long-term debt consists of:

	December 31, 2005	September 30, 2006 (Unaudited)
Stockholder term note with an entity controlled by a principal stockholder of the Company, collateralized by all assets of Borrower, with interest due at a rate per annum equal to the lesser of prime plus 3% (8.25% at December 31, 2005 and September 30, 2006) or 9.5% fixed rate, due December 31, 2007.	$6,909,582	$6,909,582
Other long-term debt	11,335	5,498
Total long-term debt	6,920,917	6,915,080
Less current maturities	(142,389)	(311,505)
Total long-term debt less current maturities	$6,778,528	$6,603,575

10. Conversion of Convertible Debt to Equity

The Company accounts for the conversion of convertible debt to equity securities in accordance with SFAS No. 84, "Induced Conversions of Convertible Debt". In other income (expense), the Company has recognized in 2005 an imputed amount for debt conversion expense equal to the fair value of all securities and other consideration transferred in the transaction in excess of the fair value of securities issuable pursuant to the original conversion terms. The debt conversion expense is a non-cash charge and is a reconciling adjustment in calculating net cash used in operating activities. The conversions were made pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended.

Effective March 21, 2005, the Company temporarily lowered the conversion price of each of its outstanding Series D Redeemable Convertible Preferred Shares from $1.50 to $0.55 per share. As a result, each Preferred Share was convertible into 18.18 shares of ViewCast common stock based on a stated value of $10.00 per Preferred Share so long as the stockholder converted by 5:00 p.m. Central Time on or before April 15, 2005. During March and April 2005, stockholders converted all 150,670 then outstanding shares of Series D Redeemable Convertible Preferred Stock into 2,739,458 shares of common stock of the Company. This conversion transaction results in a net reduction in convertible debt and an increase in net equity of $1,506,700.

The following table summarizes the accounting for the Series D Redeemable Convertible Preferred Stock conversions that occurred during the nine months ended September 30, 2005 (Unaudited).

Conversion of Series D Redeemable Convertible Preferred Shares	Number of Equity Securities	Principal Amount of Debt Reduction	Debt Conversion Expense	Increase in Common Stock, Par and Paid in Capital
Conversion shares under original terms	974,254			
Principal amount converted into equity		$1,506,700		$(1,506,700)
Additional conversion shares under lowered conversion terms	1,765,204		$485,798	(485,798)
	2,739,458	**$1,506,700**	**$485,798**	**$(1,992,498)**

11. Net Loss Per Share

Basic net loss per share is calculated by dividing net loss by the number of weighted average common shares outstanding for the period. Since the Company has reported net losses for all periods presented, the computation of diluted loss per share excludes the effects of convertible preferred stock, convertible debt, options, and warrants since their effect is anti-dilutive.

Following is a summary of excluded securities:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2005	2006	2005	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Stock options	3,151,701	2,625,775	2,969,575	2,790,975
Public and private warrants	4,746,482	4,746,482	4,790,982	4,746,482
Convertible preferred stock - Series B	2,206,896	2,206,896	2,206,896	2,206,896
Convertible preferred stock - Series C	3,333,333	3,333,333	3,333,333	3,333,333
Redeemable convertible preferred Stock - Series D	-	-	271,717	-
	13,438,412	12,912,486	13,572,503	13,077,686

12. Stock-Based Compensation

The Company has various stock-based employee compensation plans, which are described more fully in Note 12 of the Notes to Consolidated Financial Statements in Amendment No. 1 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005.

For purposes of pro forma disclosures under SFAS 123, the estimated fair value of the options is amortized as expense over the options' vesting periods. Pro forma information for the three and nine months ended September 30, 2005 is as follows:

	Three Months Ended September 30, 2005 (Unaudited)	Nine Months Ended September 30, 2005 (Unaudited)
Net loss applicable to common stockholders:	$ (449,269)	$ (2,723,054)
As reported		
Deduct total stock-based compensation under fair value based method for all awards, net of related tax expense	(140,231)	(417,735)
Pro forma	$ (589,500)	$ (3,140,789)
Net loss per share:		
As reported	$ (0.02)	$ (0.11)
Pro forma - basic and diluted	$ (0.02)	$ (0.13)

On January 1, 2006, the Company adopted Statement of Financial Accounting Standard No. 123 (revised 2004), "Share-Based Payment," ("SFAS 123(R)"), which requires the measurement and recognition of all share-based payment awards made to employees and directors including stock options and employee stock purchases related to the Employee Stock Purchase Plan ("ESPP") based on estimated fair values. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", for periods beginning in fiscal year 2006. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 ("SAB 107") relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

In 2006, the Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of the Company's 2006 fiscal year. The Company's Consolidated Financial Statements as of and for the nine months ended September 30, 2006 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company's Consolidated Financial Statements for prior periods have not been restated to include the impact of SFAS 123(R). Stock-based compensation expense recognized under SFAS 123(R) for the nine months ended September 30, 2006 was $4,838. During the nine months ended September 30, 2006, there were 130,000 new options granted under the ViewCast 2005 Stock Incentive Plan. SFAS 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period in the Company's Income Statement. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB No. 25 as allowed under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). Under the intrinsic value method, no stock-based compensation expense for stock options grants is recognized because the exercise price of the Company's stock options granted to employees and directors equaled the fair market value of the underlying stock at the date of grant.

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Company's Statement of Operations for the first and second quarters of fiscal year 2006 includes compensation expense for share-based payment awards granted prior to, but not yet vested as of December 31, 2005, based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123 and compensation expense for the share-based payment awards granted subsequent to December 31, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Stock-based compensation expense recognized in the Company's Statement of Operations for the first three quarters of fiscal year 2006 is based on awards ultimately expected to vest and has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company's pro forma information required under SFAS 123 for periods prior to fiscal year 2006, forfeitures have been accounted for as they occurred.

The Company used the Black-Scholes option-pricing model ("Black-Scholes") as its method of valuation under SFAS 123(R) in fiscal year 2006 and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. Black-Scholes was also previously used for the Company's pro forma information required under SFAS 123 for periods prior to fiscal year 2006. The fair value of share-based payment awards on the date of grant as determined by the Black-Scholes model is affected by our stock price as well as other assumptions. These assumptions include, but are not limited to the expected stock price volatility over the term of the awards and the actual and projected employee stock option exercise behaviors. The weighted-average estimated value of employee stock options granted during the nine months ended September 30, 2006 was estimated using the Black-Scholes model with the following weighted-average assumptions:

	Nine Months Ended September 30, 2006
Expected volatility	108.78%
Risk-free interest rate	4.78%
Expected dividends	0.0%
Expected term in years	4.21

At September 30, 2006, the balance of unearned stock-based compensation to be expensed in future periods related to unvested share-based awards, as adjusted for expected forfeitures, is approximately $17,800. The weighted-average period over which the unearned stock-based compensation is expected to be recognized is approximately five years.

Following is a summary of stock option activity from January 1, 2006 through September 30, 2006:

	Stock Options		
	Number of Shares	Price Per Share	Weighted-Average Exercise Price Per Share
Outstanding at January 1, 2006	3,124,642	$0.20 - $9.00	$2.07
Granted	130,000	0.19 - 0.20	0.20
Exercised	-	0.00 - 0.00	0.00
Canceled/forfeited	(697,542)	0.20 - 5.50	1.29
Outstanding at September 30, 2006	2,557,100	$0.20 - $9.00	$2.19

The weighted-average grant-date fair value of options granted was $0.15 for the nine months ended September 30, 2006. The total fair value of options vested during the fiscal years ended September 30, 2006 and 2005 was $340,589 and $569,039, respectively. The total intrinsic value of unexercised options at September 30, 2006, was $1,076,709.

The following information applies to options outstanding at September 30, 2006:

Range of Exercise Prices	Outstanding at September 30, 2006	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable at September 30, 2006	Weighted-Average Exercise Price
$0.01 - 1.00	1,190,750	7.3	$ 0.37	1,033,250	$ 0.40
1.01 - 2.00	576,850	4.4	1.15	576,850	1.15
2.01 - 3.00	120,000	3.4	2.53	120,000	2.53
3.01 - 4.00	72,500	2.1	3.54	72,500	3.54
4.01 - 5.00	52,500	1.4	4.32	52,500	4.32
5.01 - 6.00	117,500	3.2	5.50	117,500	5.50
6.01 - 7.00	2,000	2.5	7.00	2,000	7.00
7.01 - 8.00	410,000	3.0	7.10	260,000	7.10
$8.01 - 9.00	15,000	2.6	9.00	15,000	9.00
	2,557,100	5.3	$ 2.19	2,249,600	$ 2.00

13. Related Party Transaction

Since October 1998, the Company has maintained a working capital line credit facility with a partnership controlled by one of its principal stockholders, H. T. Ardinger, Jr. Effective March 22, 2006, the Company amended the terms and conditions of the credit facility to extend the revolving maturity date of the revolving credit note from December 31, 2005 to June 30, 2006, to extend the term maturity date of the term note from December 31, 2006 to December 31, 2007 and to extend the commencement date of scheduled payments of the term note and accrued interest from November 30, 2005 to June 30, 2006. The Company is negotiating the restructuring of the credit facility and the extension of the revolving maturity date of the revolving credit note and the commencement date of scheduled payments of the term note and accrued interest. See Notes 8 and 9 for more information.

ViewCast.com, Inc. and Subsidiaries
Management's Discussion and Analysis or
Plan of Operation

Item 2. Management's Discussion and Analysis or Plan of Operation

Certain statements in this Report on Form 10-QSB under "Management's Discussion and Analysis or Plan of Operation" and elsewhere in this Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding ViewCast's expectations, beliefs, hopes, intentions or strategies regarding the future. These statements involve known and unknown risks, uncertainties, and other factors that may cause ViewCast or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, product demand and market acceptance risks, the impact of competitive products and pricing, product development, commercialization and technological difficulties, capacity and supply constraints or difficulties, general business and economic conditions, the availability of sufficient working capital, the ability to service our debt, continued losses, the ability to successfully integrate acquired operations, the effect of our accounting polices and other risks detailed in our Annual Report on Form 10-KSB/A for the year ended December 31, 2005 and other filings with the Securities and Exchange Commission.

In some cases, you can identify forward-looking statements by terminology such as "may", "will", "expects", "should", "anticipates", "believes", "estimates", "predicts", "plans", "potential", "intends" or "continue" or the negative of such terms or other comparable terminology.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We do not intend or undertake any obligation to update any forward-looking statements after the date of this report to reflect circumstances or events that occur after the forward-looking statements are made.

Overview

ViewCast.com, Inc., doing business as ViewCast Corporation ("ViewCast"), develops video and audio communications products for delivering content dynamically via a variety of network types and protocols. These products include Osprey® Video capture cards, Niagara® video encoders/servers, and ViewCast® IVN enterprise software and systems. ViewCast products address the video capture, processing, and delivery requirements for a broad range of applications and markets.

These video communications products are utilized in computers and appliances within a communications network and are used for a variety of video communication applications, including corporate communications, information gathering, security, training, distance learning, conferencing, Internet video and broadcast applications. Corporations, media organizations, financial institutions, educational networks, healthcare facilities, and government agencies utilize our products and services, as do their customers, vendors and others with whom they may communicate. ViewCast markets its video products and services directly to end-users, through original equipment manufacturers ("OEMs"), value-added resellers ("VARs") and computer system integrators, worldwide.

Discontinued Operations

ViewCast provided professional IT services focused on merged data and video networks through its wholly owned subsidiary Delta Computec Inc. ("DCi") until the sale of the assets and operations of DCi on November 18, 2005. The assets and operations of DCi were sold for a combination of $3,000,000 in cash at closing, $300,000 in contingent cash payments and the assumption of certain liabilities as outlined in the terms of the agreement. This transaction allowed ViewCast to retain the benefit of DCi as a reseller and installation and maintenance partner, while reinvesting in our core growth business of video communications products. Additionally, the proceeds of the sale were used to reduce debt and strengthen our balance sheet.

Prior to the transaction, ViewCast had operated in two distinct business segments: (1) video communications products and services and (2) IT services and products. The previously reported IT services and products segment had been comprised of DCi's business, which is accounted for in the accompanying consolidated financial statements as a discontinued operation.

Critical Accounting Policies

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). We review the accounting policies we use in reporting our financial results on a regular basis. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis we evaluate our estimates, including those related to accounts receivable, inventories, investments, warranty obligations, income taxes, restructuring and contingencies and litigation. Our estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. In addition to the items listed above which are affected by estimates, we believe that the following are critical accounting policies used in the preparation of our consolidated financial statements:

- *Revenue Recognition* – We apply provisions of SEC Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition in Financial Statements as revised by SAB 104, Revenue Recognition, SOP 97-2, Software Revenue Recognition, as amended by SOP 98-9, Modification of SOP 97-2, Software Revenue Recognition, with Respect to Certain Transactions and EITF 00-21, Revenue Arrangements with Multiple Deliverables to transactions involving sales of our hardware and software products. Under these guidelines, we recognize revenue on transactions where persuasive evidence of an arrangement exists, title has transferred, product payment is not contingent upon performance of installation or service obligations, the price is fixed or determinable and payment is reasonably assured. We accrue warranty costs and sales allowances for promotional activities at time of shipment based on historical experience. In addition, we defer revenue associated with maintenance and support contracts and recognize revenue ratably over the contract term.

- *Allowance for Doubtful Accounts* – We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers or distribution partners were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

- *Excess and Obsolete Inventories* – We write down our inventories for estimated obsolescence and unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less than those projected by management, additional write-downs may be required.

- *Deferred Taxes* – We record a valuation allowance to reduce our deferred tax assets to an amount that we believe is more likely than not to be realized. In our opinion, realization of our net operating loss carryforward is not reasonably assured, and a valuation allowance has been provided against deferred tax assets in excess of deferred tax liabilities in the accompanying consolidated financial statements. However, should we in the future determine that realization of deferred tax assets in excess of recorded amounts is likely, an adjustment to the deferred tax assets would increase income in the period such determination was made.

- *Software Development Costs* – We account for software development costs in accordance with Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed" ("SFAS 86"). SFAS 86 requires the capitalization of certain software development costs once technological feasibility is established. The capitalized costs are then amortized on a straight-line basis over the estimated product life, or on the ratio of current revenues to total projected product revenues, whichever provides the greater amortization. Management periodically assesses the realizability of software development costs when events and circumstances indicate a potential decline in value.

Results of Operations

Three and Nine Months Ended September 30, 2006 compared to Three and Nine Months Ended September 30, 2005.

Net Sales. During the three months ended September 30, 2006, net sales increased by 2.7% to $3,299,321 compared to the same period net sales in 2005 of $3,213,971. During the nine months ended September 30, 2006, net sales of $9,740,754 increased by 17.5% compared to same period net sales in 2005 of $8,291,440. The net sales improvement was principally due to sales growth of video systems. We expect continued sales growth as new products begin to ship during the fourth quarter of 2006 and into 2007. During the third quarter of 2006, ViewCast began shipment of Niagara® GoStream, which is a product that focuses on the creation and presentation of video and audio on the Internet with a single-button operation.

Management expects continued sales growth as new products begin to ship during the fourth quarter of 2006 and into 2007 and as orders are fulfilled from a recently signed original equipment manufacturing ("OEM") contract. As a part of the ViewCast's ongoing business development strategy of partnering with international technology companies, an OEM agreement was signed on November 2, 2006 with one of the world's largest leaders in Internet networking. Under the terms of the one-year renewable agreement, orders have started to be placed and shipping begun for a supply of Niagara GoStream and PowerStream Pro equipment.

Osprey Product Sales. During the three months ended September 30, 2006, sales of Osprey video capture cards, and software products decreased 11.7% over 2005 levels and represented 65.1% of total third quarter video product revenues, compared to 75.7% of total video product revenues in the third quarter of 2005. During the nine months ended September 30, 2006, sales of Osprey products increased 2.6% over 2005 levels and represented 68.8% of total 2006 video product revenues, compared to 78.7% of total video product revenues in the first nine months of 2005. The increased Osprey revenues during the nine months ended September 30, 2006 reflected increased demand of our Osprey-400 series and Osprey-200 series product families particularly within the growing European and Asia video communication markets. The decreased Osprey revenues during the three months ended September 30, 2006 reflected a shortage of parts and manufacturing delays related to compliance with new environmental regulations within the European and Japanese markets that became effective July 2006 and affected Osprey inventory availability during the month of July.

Video Communication System and Application Software Products. During the three months ended September 30, 2006, combined video system and software sales increased 50.0% over the third quarter of 2005 and represented 33.2% of total third quarter video product revenues, compared to 22.8% of total video product revenues in the third quarter of 2005. During the nine months ended September 30, 2006, combined system and software sales increased 77.7% over 2005 levels and represented 30.4% of total 2006 video product revenues, compared to 19.9% of total video product revenues in the first nine months of 2005. The increase in 2006 sales was due to increased multi-unit sales of ViewCast's Niagara systems and third-party software product sales, including the Niagara GoStream which began shipping the third quarter of 2006.

Other Revenues. Other revenues consist of software maintenance, training, engineering consulting fees, and professional services and represented 0.8% of revenues for the nine months ended September 30, 2006. For the quarter and the nine months ended September 30, 2006 other revenues totaled $54,314 and $81,145, respectively, compared to the quarter and the nine months ended September 30, 2005 of $50,171 and $115,022, respectively.

Cost of Sales and Gross Margins. Cost of sales totaled $1,488,493 for the quarter ended September 30, 2006, a 11.6% increase from the $1,334,280 reported for the same period in 2005. Gross profit margin for the quarter ended September 30, 2006 was $1,810,828 or 54.9% compared to $1,879,691 or 58.5% in 2005. Cost of sales totaled $4,376,698 for the nine months ended September 30, 2006, a 28.7% increase from the $3,401,000 reported for the same period in 2005 due to increased sales. Gross profit margin for the nine months ended September 30, 2006 was

$5,364,056 or 55.1% compared to $4,890,440 or 59.0% in 2005. The change in margin percentages from 2005 to 2006 reflects the change in product and sales mix which includes increased systems and third party software sales. We expect future margins for the video products to remain comparable to historical margins in the 50%-60% range. Margins will be affected quarter to quarter by promotional activities, price adjustments, cost of materials, inventory obsolescence, the introduction of new products and the sales mix between products and services in any one reporting period.

Selling, General and Administrative Expense. Selling, general and administrative expenses for the three and nine months ended September 30, 2006 totaled $1,493,002 and $4,811,627, respectively, an increase from the $1,417,956 and $4,058,344, respectively, reported last year for the same periods. The increase primarily reflects expenses incurred during the second and third quarters related to the Company's participation in three major tradeshows of $353,000 in addition to increased sales and marketing personnel and activities during the first nine months of 2006.

Research and Development Expense. Research and development expense for the three and nine months ended September 30, 2006 totaled $417,707 and $1,523,181, respectively, a decrease of 12.8% and 14.1% to comparable 2005 levels, reflecting a decrease in personnel and related expenses for new products compared to the first nine months of 2005. Research and development expenses fluctuate depending on the number of product introductions planned and as new product prototypes, testing and certifications are completed.

Other Expense. Total other expense for the third quarter of 2006 totaled $244,476 compared to $252,070 in 2005, and for the nine months ended September 30, 2006 totaled $724,444 compared to $1,171,766 in 2005.

Other expense had a significant reduction for the nine month period primarily due to a charge for debt conversion expense in 2005 with no similar expense incurred in 2006. In the first and second quarter of 2005, ViewCast recognized non-cash debt conversion expense of $485,798 related to the conversion of redeemable, convertible preferred stock into common stock of ViewCast. See Note 10 to the Consolidated Financial Statements for further details regarding this transaction.

Interest expense during the third quarters of 2006 and 2005 was $239,468 and $253,506, respectively, representing interest primarily from our stockholder debt. Interest expense during the first nine months of 2006 and 2005 was $710,856 and $687,445, respectively. Interest expense during the third quarter of 2006 decreased over 2005 level by 5.5%, principally due to lower principal during the period. However, interest expense during the first nine months of 2006 increased over 2005 levels by 3.4%, principally due to higher interest rates during the period.

Net Loss. ViewCast generated a net loss from continuing operations of $416,650 for the third quarter of 2006 compared to a net loss from continuing operations of $317,141 for the same period in 2005. Net loss from continuing operations during the first nine months of 2006 and 2005 was $1,892,266 and $2,252,643, respectively. Net income from discontinued operations for the three and nine months of 2005 was $74,366 and $142,338, respectively. Therefore, the net loss for the third quarters of 2006 and 2005 was $416,650 and $242,775, respectively. Net loss during the first nine months of 2006 and 2005 was $1,892,266 and $2,110,305, respectively.

Liquidity and Capital Resources

ViewCast's primary sources of funds for conducting its business activities are derived from sales of its products and services, from its credit facilities and from the placement of its equity securities with investors. ViewCast requires working capital primarily to increase inventories and accounts receivable during sales growth, develop products, service debt, purchase capital assets, fund operations and strategic acquisitions.

Net cash used in operating activities for the nine months ended September 30, 2006 was $275,089 resulting from the net loss of $1,892,266 reduced for non-cash adjustments totaling $246,423, and further offset by a net increase in operating liabilities over increases in operating assets of $1,370,754. Cash provided by changes in operating assets and liabilities was principally due to the increased accrued expenses and accounts payable, offset by cash utilized for increased inventories, accounts receivable and prepaid expenses.

Cash used for investing activities during the nine months ended September 30, 2006 totaled $519,126 for the purchases of property and equipment and software development costs.

During the nine months ended September 30, 2006, ViewCast's financing activities used cash of $5,838 for repayment of long term debt.

Since October 1998, ViewCast has maintained a working capital line of credit facility with an entity controlled by one of its principal stockholders, Mr. H.T. Ardinger. The facility consists of a $4.0 million revolving credit note and a $6,909,582 term note. The credit facility is secured by all assets of ViewCast.com, Inc., Osprey Technologies, Inc. and VideoWare, Inc. The maturity date of the revolving credit note is June 30, 2006, and the maturity date of the term note is December 31, 2007. The commencement date of scheduled payments of the term note and accrued interest is June 30, 2006. At September 30, 2006, the revolving credit note principal balance was $3,350,000 and the Company had availability under the line of credit of $650,000. The credit facility interest rate is the lesser of prime plus 3.0% (8.25% at December 31, 2005 and September 30, 2006) or 9.5% fixed rate. During the first nine months of 2006 interest expense was calculated at the capped fixed rate of 9.5% which ViewCast anticipates will remain the same during the remainder of 2006.

ViewCast is negotiating the restructuring of the Ardinger credit facility and expects to complete the negotiations during the fourth quarter of 2006. The maturity date for the revolving credit note and the commencement date of scheduled payments on the term note and accrued interest has been extended in the past, and ViewCast expects that an extension will be made again. See Notes 8 and 9 to the Condensed Consolidated Financial Statements for more information.

At September 30, 2006, ViewCast had 3,833,012 public and public equivalent warrants and 122,500 representative warrants outstanding and exercisable at $0.275. On January 2006, Viewcast extended the expiration date of its public and public equivalent common stock purchase warrants from the prior expiration date of February 3, 2006 to February 3, 2007. In addition, Viewcast decreased the exercise price of these warrants to $0.275 per share from $1.00 per share beginning on March 1, 2006, until the warrant expiration date. The warrants are redeemable by ViewCast under certain conditions.

In October of 2005, ViewCast adopted the ViewCast 2005 Stock Incentive Plan, which replaced ViewCast's expired stock option plans (the 1995 Employee Stock Option Plan and the 1995 Director Stock Option Plan) and become the sole plan for providing equity-based incentive compensation to ViewCast's employees, non-employee directors and other service providers. In 2006, ViewCast adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of the Company's 2006 fiscal year. ViewCast recorded approximately $4,838 for stock-based compensation expense in during the first nine months of 2006. During the first nine months of 2006, there were 130,000 new options granted under the ViewCast 2005 Stock Incentive Plan. ViewCast anticipates that it will grant additional share-based awards to employees in the future, which will increase the stock-based compensation expense by the additional unearned compensation resulting from these grants. In addition, if factors change and we employ different assumptions in the application of SFAS 123(R) in future periods, the stock-based compensation expense that we record under SFAS 123(R) may differ significantly from what we have recorded in the current period.

At September 30, 2006, ViewCast had a consolidated stockholders' deficit of $10,923,447, and in accordance with Delaware law, was precluded from paying dividends on its outstanding Series B and Series C convertible preferred stock. As a result, no preferred stock dividends have been declared or paid during 2006. The Series B and Series C preferred stock issues carry cumulative dividends of 8% and 9% per year, respectively, and are generally payable semi-annually in arrears in cash or in ViewCast common stock, at ViewCast's option. Cumulative dividends in arrears on preferred shares are approximately: Series B-$3,064,000, Series C-$885,000. Holders of Series B and Series C preferred stock have no voting rights except as required by law.

At September 30, 2006, ViewCast had a working capital deficit of $2,713,426 and cash and cash equivalents of $647,820. ViewCast utilizes significant capital to design, develop and commercialize its products and intends to fund its operating activities and sales growth during the next twelve months by utilizing cash contributed from operations and its available working capital lines of credit to the extent possible. ViewCast anticipates it will require additional working capital during 2006 and 2007 to support the expansion of sales channels and market distribution, to develop and introduce new products and services, to enhance existing product offerings, to address unanticipated competitive threats or technical problems, to transition adverse economic conditions, to service its debt and for potential acquisition transactions.

ViewCast plans to improve its working capital position by increasing sales and through other initiatives that may include raising additional equity, conversion of debt to equity, further acquisitions and by exercise of warrants if market conditions allow. Certain actions have already occurred. ViewCast's increased product sales and cash flow, coupled with recent initiatives to restructure its balance sheet have made significant improvements to its financial position. In 2005, $1,506,700 of Series D redeemable convertible preferred stock converted into common stock equity. Additionally, ViewCast sold the assets and operations of DCi for a combination of $3,000,000 in cash at closing, $300,000 in contingent cash payments and the assumption of certain liabilities as outlined in the terms of the agreement. This transaction allowed ViewCast to retain the benefit of DCi as a reseller and installation and maintenance partner, while reinvesting in ViewCast's core growth business of video communications products. Additionally, the proceeds of the sale were used to reduce debt and strengthen our balance sheet.

ViewCast intends to continue these initiatives and discussions related to current and potentially new debt and equity relationships. Although ViewCast has no other firm arrangements with respect to additional capital financing, it considers on an ongoing basis proposals received from potential investors relating to the issuance of equity securities in exchange for a cash investment in ViewCast and has entered into negotiation to restructure the Ardinger credit facility. There can be no assurance that additional financing will be available to ViewCast on acceptable terms, or at all. Additional equity financing may involve substantial dilution to our then existing stockholders. ViewCast intends to actively pursue other strategic merger and acquisition activities to the extent possible. In the event we are unable to raise additional capital or execute other alternatives, we may be required to sell segments of the business, or substantially reduce or curtail our activities. Such actions could result in charges that could be material to ViewCast's results of operations or financial position.

At September 30, 2006, ViewCast had no material commitments for capital expenditures.

Off-Balance Sheet Arrangements

ViewCast does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on ViewCast's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3. Controls and Procedures

Management, including the Company's President and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is (i) recorded, processed, summarized and reported as and when required and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal finance officer, as appropriate to allow timely discussion regarding disclosure.

There has been no change in the Company's internal control over financial reporting identified in connection with the evaluation that occurred during the Company's last fiscal quarter that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

ViewCast.com, Inc. and Subsidiaries
Other Information

PART II: OTHER INFORMATION

Item 1. Legal Proceedings
None.

Item 2. Changes in Securities and Small Business Issuer Purchases of Equity Securities
None.

Item 3. Defaults Upon Senior Securities
None.

Item 4. Submission of Matters to a Vote of Security Holders
None.

Item 5. Other Information

(a) None.

(b) None.

Item 6. Exhibits

Exhibits filed with this report:
(See Exhibit Index)

SIGNATURES

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

ViewCast.com, Inc.
(Registrant)

BY:

Date: November 14, 2006

/s/ George C. Platt
George C. Platt
Chief Executive Officer
Principal Executive Officer

/s/ Laurie L. Latham
Laurie L. Latham
Chief Financial Officer
Principal Financial Officer

EXHIBIT INDEX

Exhibit Number	
31.1	Rule 13a-14(a)/15d-14(a) Certifications
32.1	Section 1350 Certifications

EXHIBIT 31.1

CERTIFICATION

I, George C. Platt, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of ViewCast.com, Inc.;

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

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

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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

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

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 14, 2006

/s/ George C. Platt
George C. Platt
Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION

I, Laurie L. Latham, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of ViewCast.com, Inc.;

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

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

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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

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

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 14, 2006 /s/ Laurie L. Latham
Laurie L. Latham
Chief Financial Officer

EXHIBIT 32.1

STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

The undersigned, George C. Platt, is the President and Chief Executive Officer of ViewCast.com, Inc. (the "Company"). This statement is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2006 (the "Report").

By execution of this statement, I certify that:

(A) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and

(B) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

This statement is authorized to be attached as an exhibit to the Report so that this statement will accompany the Report at such time as the Report is filed with the Securities and Exchange Commission, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

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

November 14, 2006	/s/ George C. Platt
Date	George C. Platt
	Chief Executive Officer

EXHIBIT 32.1

STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

The undersigned, Laurie L. Latham, is the Chief Financial Officer of ViewCast.com, Inc. (the "Company"). This statement is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2006 (the "Report").

By execution of this statement, I certify that:

(A) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and

(B) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

This statement is authorized to be attached as an exhibit to the Report so that this statement will accompany the Report at such time as the Report is filed with the Securities and Exchange Commission, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

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

November 14, 2006	/s/ Laurie L. Latham
Date	Laurie L. Latham
	Chief Financial Officer