

FORMAT INC
Form 10-Q
May 09, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008

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: 000-52213

Format, Inc.
(Exact name of registrant as specified in its charter)

Nevada 33-0963637
(State or other jurisdiction (I.R.S. Employer
of incorporation or Identification No.)
organization)

3553 Camino Mira Costa, Suite E, San Clemente, California 92672
(Address of principal executive offices)

949-481-9203
(Issuer's Telephone Number)

Indicate by check mark whether the issuer (1) has filed all reports 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 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 (Do not check if a smaller reporting company) 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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date. As of May 8, 2008, there were 3,770,083 shares of the issuer's \$.001 par value common stock issued and outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FORMAT, INC.
BALANCE SHEET
MARCH 31, 2008
(UNAUDITED)

ASSETS	
CURRENT ASSETS	
Cash	\$ 4,240
Accounts receivable, net	20,123
Loan receivable, net	-
Security deposit	1,200
Prepaid expenses and other current assets	900
Total current assets	26,463
PROPERTY AND EQUIPMENT, NET	13,524
TOTAL ASSETS	\$ 39,987
LIABILITIES AND STOCKHOLDERS' (DEFICIT)	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 67,546
Income taxes payable	800
Due to related party	147,428
Total current liabilities	215,774
TOTAL LIABILITIES	215,774
STOCKHOLDERS' (DEFICIT)	
Preferred stock, par value \$0.001 per share, 5,000,000 shares authorized and 0 shares issued and outstanding	-
Common stock, par value \$0.001 per share, 50,000,000 shares authorized and 3,770,083 shares issued and outstanding	3,770
Additional paid-in capital	37,809
Accumulated deficit	(217,366)
Total stockholders' (deficit)	(175,787)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	\$ 39,987

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

FORMAT, INC.
 STATEMENTS OF OPERATIONS
 FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
 (UNAUDITED)

	2008	2007
REVENUE	\$ 23,108	\$ 24,536
OPERATING EXPENSES		
Wages and wage related expenses	15,147	16,537
Professional fees	12,617	22,613
Rent expense	4,050	3,850
Depreciation expense	1,546	1,458
Other general and administrative expenses	3,882	9,223
Total operating expenses	37,242	53,681
LOSS FROM OPERATIONS	(14,134)	(29,145)
OTHER INCOME		
Gain on sale of automobile	-	5,601
Total other income	-	5,601
LOSS BEFORE PROVISION FOR INCOME TAXES	(14,134)	(23,544)
Provision for income taxes	(800)	(800)
NET LOSS	\$ (14,934)	\$ (24,344)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED	\$ (0.00)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	3,770,083	3,770,083

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

FORMAT, INC.
 STATEMENTS OF CASH FLOW
 FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
 (UNAUDITED)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (14,934)	\$ (24,344)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,546	1,458
Gain on sale of automobile	-	(5,601)
Net changes in operating assets and liabilities:		
Accounts receivable	(4,888)	(10,024)
Prepaid expenses and other current assets	300	6,950
Accounts payable and accrued expenses	1,633	14,575
Net cash used in operating activities	(16,343)	(16,986)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of automobile	-	10,000
Net cash provided by investing activities	-	10,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related party	15,000	4,657
Net cash provided by financing activities	15,000	4,657
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,343)	(2,329)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	5,583	9,941
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 4,240	\$ 7,612
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITY		
Cash paid during the year for income taxes	\$ 800	\$ 800
Cash paid during the year for interest expense	\$ -	\$ -

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

FORMAT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008
(UNAUDITED)

NOTE 1

ORGANIZATION AND BASIS OF PRESENTATION

Format, Inc. (the "Company") was incorporated in the State of Nevada on March 21, 2001. The Company provides transactional financial, corporate reporting, commercial and digital printing for its customers. The Company receives its clients' information in a variety of formats and reprocesses it for distribution typically in print, digital or internet formats. The Company provides services throughout the United States, Canada and China.

Transactional financial printing includes registration statements, prospectuses, debt arrangements, special proxy statements, offering circulars, tender offer materials and other documents related to corporate financings, mergers and acquisitions.

Corporate reporting includes interim reports, regular proxy materials prepared by corporations for distribution to stockholders, and Securities and Exchange Commission reports on Form 10-K and other forms.

Commercial and digital printing consists of annual reports, sales and marketing literature, newsletters and other custom-printed products.

Interim Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations.

In the opinion of management, all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of the financial position and the results of operations for the periods presented have been included. The operating results of the Company on a quarterly basis may not be indicative of operating results for the full year. For further information, refer to the financial statements and notes included in Format Inc.'s Form 10-KSB for the year ended December 31, 2007.

Going Concern

As shown in the accompanying financial statements the Company has an accumulated deficit of \$217,366 and a working capital deficit of \$189,311 as of March 31, 2008. The Company has experienced cash shortages that have been funded by the Company's President. There is no guarantee that the Company will be able to sustain operations to alleviate the working capital deficit or continued operating losses. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period.

Management's plans to mitigate the effects that give rise to the conditions involve more aggressive marketing strategies towards small publicly reporting companies. This marketing will include working closely with lawyers, associations and investment advisors.

FORMAT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008
(UNAUDITED)

The accompanying financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Reclassification

Certain reclassifications have been made to conform the prior period financial statement amounts to the current period presentation for comparative purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with a maturity of three months or less, when purchased, to be cash equivalents.

The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation up to \$100,000.

Use of Estimates

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

Accounts Receivable

Accounts receivable are reported at the customer's outstanding balances less any allowance for doubtful accounts. Interest is not accrued on overdue accounts receivable.

Allowance for Doubtful Accounts

An allowance for doubtful accounts on accounts receivable is charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and information collected from individual customers. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. Management has determined that as of March 31, 2008 an allowance of \$15,200 is required.

FORMAT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008
(UNAUDITED)

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method on the estimated useful lives of the assets, generally ranging from three to seven years. Expenditures of major renewals and improvements that extended the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Leasehold improvements are amortized using the straight-line method over the shorter or the estimated useful life of the asset or the lease term. Gains or losses from retirements or sales are credited or charged to income.

Long-Lived Assets

The Company accounts for its long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value or disposable value. As of March 31, 2008, the Company does not believe there has been any impairment of its long-lived assets.

Fair Value of Financial Instruments

Pursuant to SFAS No. 107, "Disclosures About Fair Value of Financial Instruments", the Company is required to estimate the fair value of all financial instruments included on its balance sheet as of March 31, 2008. The Company's financial instruments consist of cash, accounts receivables, payables, and other obligations. The Company considers the carrying value of such amounts in the financial statements to approximate their fair value.

Revenue Recognition

The Company generates revenue from professional services rendered to customers either at time of delivery or completion, where collectibility is probable. The Company's fees are fixed.

Stock-Based Compensation

The Company adopted SFAS No. 123 (Revised 2004), Share Based Payment ("SFAS No. 123R"), under the modified-prospective transition method on January 1, 2006. SFAS No. 123R requires companies to measure and recognize the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value. Share-based compensation recognized under the modified-prospective transition method of SFAS No. 123R includes share-based compensation based on the grant-date fair value determined in accordance with the original provisions of SFAS No. 123, Accounting for Stock-Based Compensation, for all share-based payments granted prior to and not yet vested as of January 1, 2006 and share-based compensation based on the grant-date fair-value determined in accordance with SFAS No. 123R for all share-based payments granted after January 1, 2006. SFAS No. 123R eliminates the ability to account for the award of these instruments under the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and

allowed under the original provisions of SFAS No. 123. Prior to the adoption of SFAS No. 123R, the Company accounted for our stock option plans using the intrinsic value method in accordance with the provisions of APB Opinion No. 25 and related interpretations.

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FORMAT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008
(UNAUDITED)

As of December 31 2007, the Company had no options outstanding.

Concentrations

For the three months ended March 31, 2008, three customers accounted for 36% revenues.

For the three months ended March 31, 2007, three customers accounted for 51% of revenues.

The Company's cash balance in financial institutions at times may exceed federally insured limits of \$100,000.

Loss Per Share of Common Stock

The Company follows Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS No. 128) that requires the reporting of both basic and diluted earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. The calculation of diluted earnings (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. In accordance with SFAS No. 128, any anti-dilutive effects on net earnings (loss) per share are excluded. For the three months ended March 31, 2008 and 2007, there were no common stock equivalents.

There were no options or warrants to purchase shares of common stock at March 31, 2008 and 2007.

Recent Accounting Pronouncements

SFAS No. 141(R) - In December 2007, the FASB issued Statement No. 141(R), Business Combinations. This Statement replaces FASB Statement No. 141, Business Combinations. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. Statement 141 did not define the acquirer, although it included guidance on identifying the acquirer, as does this Statement. This Statement's scope is broader than that of Statement 141, which applied only to business combinations in which control was obtained by transferring consideration. By applying the same method of accounting - the acquisition method - to all transactions and other events in which one entity obtains control over one or more other businesses, this Statement improves the comparability of the information about business combinations provided in financial reports.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company is currently evaluating SFAS 141(R), and has not yet determined its potential impact on its future results of operations or financial position.

FORMAT, INC.
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SFAS No. 160 - In December 2007, the FASB issued Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements - an Amendment of ARB No. 51. This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this Statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So-called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This Statement improves comparability by eliminating that diversity.

This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The effective date of this Statement is the same as that of the related Statement 141(R). This Statement shall be applied prospectively as of the beginning of the fiscal year in which this Statement is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented. The Company is currently evaluating SFAS 160 and has not yet determined its potential impact on its future results of operations or financial position.

SFAS No. 161 - In March 2008, the FASB issued Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133. This Statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows.

This Statement is intended to enhance the current disclosure framework in Statement 133. The Statement requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. This disclosure better conveys the purpose of derivative use in terms of the risks that the entity is intending to manage. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format should provide a more complete picture of the location in an entity's financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Disclosing information about credit-risk-related contingent features should provide information on the potential effect on an entity's liquidity from using derivatives. Finally, this Statement requires cross-referencing within the footnotes, which should help users of financial statements locate important information about derivative instruments.

This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption.

The Company is currently evaluating SFAS 161 and has not yet determined its potential impact on its future results of operations or financial position.

FORMAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2008
 (UNAUDITED)

NOTE 3

LOAN RECEIVABLE

As of March 31, 2008 and 2007, the Company has a loan receivable from an outside party in the amount of \$20,500. The loan is interest free and due on demand. At March 31, 2008 collectability is uncertain and an allowance has been setup for the full amount due of \$20,500.

NOTE 4

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2008:

Office machinery and equipment	\$ 34,895
Furniture and fixtures	2,011
	36,906
Less: Accumulated depreciation	(23,382)
	\$ 13,524

Depreciation expense for the three months ended March 31, 2008 and 2007 amounted to \$1,546 and \$1,458, respectively.

In January 2007, the Company sold an automobile for \$10,000. The carrying value of the automobile at the time of the sale was \$4,399, resulting in a gain on the sale of \$5,601.

NOTE 5

RELATED PARTY TRANSACTION

A stockholder of the Company has made advances to the Company which are unsecured and due on demand. For the three months ended March 31, 2008 and 2007, the Stockholder advanced \$15,000 and \$4,657, respectively. The total amount due at March 31, 2008 was \$147,428.

FORMAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2008
 (UNAUDITED)

NOTE 6

INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109 (SFAS 109). This statement mandates the liability method of accounting for deferred income taxes and permits the recognition of deferred tax assets subject to an ongoing assessment of realizability.

The components of the Company's income tax provision for the three months ended March 31, 2008 and 2007 consist of:

	2008	2007
Current income tax expense	\$ 800	\$ 800
Expected income tax benefit	39,360	43,200
Change in valuation allowance	(39,360)	(43,200)
	\$ 800	\$ 800

Item 2. Plan of Operation

This following information specifies certain forward-looking statements of management of the company. Forward-looking statements are statements that estimate the happening of future events are not based on historical fact. Forward-looking statements may be identified by the use of forward-looking terminology, such as “may”, “shall”, “could”, “expect”, “estimate”, “anticipate”, “predict”, “probable”, “possible”, “should”, “continue”, or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

Critical Accounting Policy and Estimates. Our Management's Discussion and Analysis of Financial Condition and Results of Operations section discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors 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. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources. These accounting policies are described at relevant sections in this discussion and analysis and in the notes to the financial statements included in our Quarterly Report on Form 10-Q for the period ended March 31, 2008.

We provide EDGARizing services to various commercial and corporate entities. Our primary service is the EDGARization of corporate documents that require filing on EDGAR, the Electronic Data Gathering, Analysis, and Retrieval system maintained by the Securities and Exchange Commission. EDGAR performs automated collection, validation, indexing, acceptance, and forwarding of submissions by companies and others who are required by law to file forms with the Securities and Exchange Commission. These documents include registration statements, prospectuses, annual reports, quarterly reports, periodic reports, debt agreements, special proxy statements, offering circulars, tender offer materials and other documents related to corporate financings, acquisitions and mergers. We receive our clients' information in a variety of media, and reformat it for distribution, either in print, digital or Internet form. We also provide limited commercial printing services, which consist of annual reports, sales and marketing literature, newsletters, and custom-printed products.

Liquidity and Capital Resources. We had cash of \$4,240 as of March 31, 2008. Our accounts receivable were \$20,123 as of March 31, 2008. We also had \$1,200 represented by a security deposit and \$900 represented by prepaid expenses and other current assets. Therefore our total current assets as of March 31, 2008 were \$26,463. We also had \$13,524 represented by fixed assets, net of depreciation, as of March 31, 2008.

Our total assets as of March 31, 2008 were \$39,987. As of March 31, 2008, our current liabilities were \$215,774, of which \$67,546 was represented by accounts payable and accrued expenses, \$800 was represented by income taxes payable, and \$147,428 was represented by a related party advance. The related party advance is payable to Mr. Neely, our officer, principal shareholder and one of our directors. Mr. Neely had advanced those funds to us for working capital. We had no other long term liabilities, commitments or contingencies.

Other than the proposed increases in marketing expenses and the increases in legal and accounting costs we experienced due to the reporting requirements of becoming a reporting company, we are not aware of any other known trends, events or uncertainties, which may affect our future liquidity.

For the three months ended March 31, 2008 and March 31, 2007.

Results of Operations.

Revenues. We generated revenues of \$23,108 for the three months ended March 31, 2008, as compared to \$24,536 for the three months ended March 31, 2007. The slight decrease in revenues is due to the fact that we stopped providing services to certain clients that did not pay us.. We hope our revenues will increase as we actively market and promote our services.

Operating Expenses. For the three months ended March 31, 2008, our total operating expenses were \$37,242, as compared to total operating expenses of \$53,681 for the three months ended March 31, 2007. The decrease in total operating expenses is due to a decrease in wages and related expenses for the three months ended March 31, 2008, to \$15,147 as compared to \$16,537 for the three months ended March 31, 2007. The decrease was due to having fewer clients in 2008. We also had a decrease in professional fees, which totaled \$12,617 for the three months ended March 31, 2008 as compared to \$22,613 for the three months ended March 31, 2007. The decrease was due to lower legal and accounting expenses incurred in 2008. We also had a decrease in general and administrative expenses, which totaled \$3,882 for the three months ended March 31, 2008 as compared to \$9,223 for the three months ended March 31, 2007. Our professional fees and general and administrative expenses were higher in 2007 due to the costs associated with becoming a public company. Therefore, our net loss from operations before other income or expenses and provision for income taxes was \$14,134 for the three months ended March 31, 2008, as compared to \$29,145 for the three months ended March 31, 2007.

Other Income. For the three months ended March 31, 2008, we had no other income, as compared to the three months ended March 31, 2007, where our other income was comprised of \$5,601 which was gain from the sale of an automobile.

Net Income or Loss. For the three months ended March 31, 2008, our net loss from operations before provision for income taxes of \$800 was \$14,134, making our net loss \$14,934. This is in comparison to the three months ended March 31, 2007, where our net loss was \$23,544, and after provision for income tax of \$800, was \$24,344. The decrease in our net loss for the three months ended March 31, 2008, was due a decrease in operating expense between the two periods, and the slight decrease in revenue, as discussed above.

Our Plan of Operation for the Next Twelve Months. To effectuate our business plan during the next twelve months, we must increase the number of clients we service and actively market and promote our services. Although our revenues have decreased slightly from 2007 to 2008, we believe that our ability to file all documents in HTML has

significantly improved our ability to compete with other providers of EDGARization services. We hope to increase our number of clients by meeting with our referral sources, such as accountants and attorneys, to understand how we can better service their clients' needs and how we can obtain EDGARization work from clients of theirs that currently use another provider. We believe that referrals will continue to comprise a majority of our business, and we hope to nurture and care for the relationships we have so that we can attract more clients.

We have also initiated a direct marketing campaign to newly public and small public companies. We believe that many smaller public companies are particularly sensitive to pricing. Therefore, we have targeted those companies as potential customers. We plan to mail information with pricing specials as well as make direct marketing calls to those companies in an effort to attract their business.

We had cash of \$4,240 of March 31, 2008, which we estimate will not be sufficient to fund our operations for the next twelve months. Our forecast for the period for which our financial resources will be adequate to support our operations involves risks and uncertainties and actual results could fail as a result of a number of factors. On August 9, 2006, Ryan Neely, our president, secretary, chief financial officer and one of our directors, loaned us \$24,000. On August 31, 2006, Mr. Neely loaned us an additional \$24,000. On November 10, 2006, Mr. Neely loaned us an additional \$20,000. On February 28, 2007, Mr. Neely loaned us an additional \$15,000. During the three months ended March 31, 2008, Mr. Neely loaned us an additional \$4,657. All of those loans are interest free and due on demand. We used those funds to pay our auditors for the audit of our financial statements. We expect that the increased legal and accounting costs due to the reporting requirements of being a reporting company will continue to impact our liquidity as we will need to obtain funds to pay those expenses.

We are attempting collection on our related party loans receivable to help improve our liquidity position during the next twelve months. We hope that the loans will be repaid before December 31, 2008. However, as of March 31, 2008, collectability of the loan is uncertain and an allowance has been setup for the full amount due of \$20,500. We cannot guaranty that we will be repaid that amount owed pursuant to the note which will affect our liquidity.

Besides generating revenue from our current operations, we will need to raise approximately \$50,000 to continue operating at our current rate. At our current level of operation, we are not able to operate profitably. In order to conduct further marketing activities and expand our operations to the point at which we are able to operate profitably, we believe we would need to raise \$50,000, which would be used for conducting marketing activities. Other than proposed increases in marketing expenses and the anticipated increases in legal and accounting costs of becoming a public company, we are not aware of any other known trends, events or uncertainties, which may affect our future liquidity.

In the event that we experience a shortfall in our capital, we intend to pursue capital through public or private financing as well as borrowings and other sources, such as our officer and directors. We cannot guaranty that additional funding will be available on favorable terms, if at all. If adequate funds are not available, then our ability to expand our operations may be significantly hindered. If adequate funds are not available, we believe that our officer and directors will contribute funds to pay for our expenses to achieve our objectives over the next twelve months. However, our officer and directors are not committed to contribute funds to pay for our expenses.

Our belief that our officer and directors will pay our expenses is based on the fact that our officer and directors collectively own 3,007,500 shares of our common stock, which equals approximately 80% of our outstanding common stock. We believe that our officer and directors will continue to pay our expenses as long as they maintain their ownership of our common stock. However, our officer and directors are not committed to contribute additional capital.

We are not currently conducting any research and development activities. We do not anticipate conducting such activities in the near future. We do not anticipate that we will purchase or sell any significant equipment. In the event that we expand our customer base, then we may need to hire additional employees or independent contractors as well as purchase or lease additional equipment.

Because we have limited operations and assets, we may be considered a shell company as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Accordingly, we have checked the box on the cover page of this report that specifies we are a shell company.

Off-Balance Sheet Arrangements. We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

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Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. We maintain controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed as of March 31, 2008, the date of this report, our chief executive officer and the principal financial officer concluded that our disclosure controls and procedures were effective.

Item 4(T). Controls and Procedures.

Changes in internal controls. There were no changes in our internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Not applicable.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

31. Rule 13a-14(a)/15d-14(a) Certifications.

32. Section 1350 Certifications.

SIGNATURES

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

Format, Inc.,
a Nevada corporation

May 9, 2008

By: /s/ Ryan Neely
Ryan Neely
Principal Executive Officer, Chief Financial Officer,
President and a Director