

FORMAT INC  
Form 10-Q  
November 07, 2008

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

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FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934:  
For the quarterly period ended September 30, 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 file, 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 November 7, 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.  
CONDENSED BALANCE SHEETS

September 30, 2008  
(Unaudited)

ASSETS		
<b>CURRENT ASSETS</b>		
Cash	\$	3,447
Accounts receivable, net		21,521
Loan receivable, net		-
Security deposit		1,200
Prepaid expenses and other current assets		300
<b>Total current assets</b>		<b>26,468</b>
<b>PROPERTY AND EQUIPMENT, NET</b>		<b>10,630</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>37,098</b>
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$	67,281
Income taxes payable		800
Due to related party		149,928
<b>Total current liabilities</b>		<b>218,009</b>
<b>TOTAL LIABILITIES</b>		<b>218,009</b>
<b>STOCKHOLDERS' (DEFICIT)</b>		
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		(222,490)
<b>Total stockholders' (deficit)</b>		<b>(180,911)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>	<b>\$</b>	<b>37,098</b>

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

FORMAT, INC.  
CONDENSED STATEMENTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007  
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE	\$ 23,382	\$ 18,564	\$ 85,600	\$ 61,382
<b>OPERATING EXPENSES</b>				
Wages and wage related expenses	12,668	2,686	43,034	35,301
Professional fees	4,977	6,450	23,919	34,355
Rent expense	3,600	4,050	11,400	11,950
Depreciation expense	1,372	1,554	4,439	4,502
Other general and administrative expenses	7,993	27,693	22,066	51,106
Total operating expenses	30,610	42,433	104,858	137,214
INCOME (LOSS) FROM OPERATIONS	(7,228)	(23,869)	(19,258)	(75,832)
<b>OTHER INCOME</b>				
Gain on sale of automobile	-	-	-	5,601
Total other income	-	-	-	5,601
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(7,228)	(23,869)	(19,258)	(70,231)
Provision for income taxes	-	-	(800)	(800)
NET INCOME (LOSS)	\$ (7,228)	\$ (23,869)	\$ (20,058)	\$ (71,031)
<b>NET INCOME (LOSS) PER COMMON SHARE -</b>				
BASIC AND DILUTED	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>				
	3,770,083	3,770,083	3,770,083	3,770,083

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

FORMAT, INC.  
CONDENSED STATEMENTS OF CASH FLOW  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007  
(UNAUDITED)

	September 30,	
	2008	2007
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (20,058)	\$ (71,031)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,439	4,502
Bad debt reserve	-	11,018
Gain on sale of automobile	-	(5,601)
Net changes in operating assets and liabilities:		
Accounts receivable	(6,286)	(2,489)
Prepaid expenses and other current assets	900	7,550
Accounts payable and accrued expenses	1,369	6,581
Net cash used in operating activities	(19,636)	(49,470)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of automobile	-	10,000
(Acquisition) of fixed assets	-	(6,900)
Net cash provided by investing activities	-	3,100
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related party	17,500	39,656
Net cash provided by financing activities	17,500	39,656
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,136)</b>	<b>(6,714)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>5,583</b>	<b>9,941</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>\$ 3,447</b>	<b>\$ 3,227</b>

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

FORMAT, INC.  
CONDENSED STATEMENTS OF CASH FLOW - continued  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007  
(UNAUDITED)

	September 30,	
	2008	2007
	(Unaudited)	(Unaudited)
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITY</b>		
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 CONDENSED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 and 2007

(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 \$222,490 and a working capital deficit of \$41,613 as of September 30, 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 CONDENSED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 and 2007

(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 up to the limit established by the Federal Deposit Insurance Corporation.

##### 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 September 30, 2008 an allowance of \$16,200 is required.

##### 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.

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FORMAT, INC.  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 and 2007

(UNAUDITED)

#### 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 September 30, 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 September 30, 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.

As of September 30, 2008, the Company had no options outstanding.

FORMAT, INC.  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 and 2007

(UNAUDITED)

#### Concentrations

The Company derived 46% of its operating revenue from six customers, during the nine months ended September 30, 2008. The Company derived 42% of its operating revenue from five customers, during the nine months ended September 30, 2007.

The Company's cash balance in financial institutions at times may exceed federally insured limits established by Federal Deposit Insurance Corporation.

#### 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 nine months ended September 30, 2008 and 2007, there were no common stock equivalents outstanding.

#### Recent Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), "Business Combinations" ("SFAS 141(R)"). SFAS 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning on or after December 15, 2008. If and when the Company acquires one or more entities in the future, it will apply SFAS 141(R) for the purposes of accounting for such acquisitions.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS 160"). SFAS 160 amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. the Company presently has no such noncontrolling interests. If and at such time as such an interest exists, it will apply SFAS 160.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 amends and expands the disclosure requirements of SFAS 133, "Accounting for Derivative Instruments and Hedging." SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company will adopt SFAS 161 in the first quarter of 2009 and currently expect such adoption to have no impact on its results of operations, financial position, or cash flows.

FORMAT, INC.  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 and 2007

(UNAUDITED)

In April 2008, the FASB issued Staff Position No. 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP 142-3"). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". FSP 142-3 is effective for Format, Inc. in the first quarter of 2009. The Company presently has no such intangible assets. If and at such time as such assets are acquired, the Company will apply SFAS 160.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 162 will become effective 60 days following Securities and Exchange Commission ("SEC") approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not anticipate the adoption of SFAS 162 to have a material impact on our results of operations, financial position, or cash flows.

In June 2008, the FASB issued Staff Position No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("EITF 03-6-1"). EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore, need to be included in the earnings allocation in calculating earnings per share under the two-class method described in FASB Statement of Financial Accounting Standards No. 128, "Earnings per Share." EITF 03-6-1 requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividend or dividend equivalents as a separate class of securities in calculating earnings per share. EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. EITF 03-6-1 is effective for Format, Inc. in the first quarter of 2009. We are currently assessing the impact of EITF 03-6-1, but do not expect that such adoption will have a material effect on our results of operations, financial position, or cash flows.

FORMAT, INC.  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 and 2007

(UNAUDITED)

## NOTE 3

## LOAN RECEIVABLE

As of September 30, 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 September 30, 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 September 30, 2008:

Office machinery and equipment	\$ 34,895
Furniture and fixtures	2,011
	36,906
Less: Accumulated depreciation	(26,276)
	\$ 10,630

Depreciation expense for the three months ended September 30, 2008 and 2007 amounted to \$1,372 and \$1,554, respectively. Depreciation expense for the nine months ended September 30, 2008 and 2007 amounted to \$4,439 and \$4,502, 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 nine months ended September 30, 2008 and 2007, the Stockholder advanced \$17,500 and \$39,656, respectively. The total amount due at September 30, 2008 was \$149,928.

## NOTE 6

## INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109 (SFAS 1019). 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.

FORMAT, INC.  
 NOTES TO CONDENSED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008 and 2007

(UNAUDITED)

The components of the Company's income tax provision for the nine months ended September 30, 2008 and 2007 consist of:

	2008	2007
Current income tax expense	\$ 800	\$ 800
Expected income tax benefit	41,760	44,600
Change in valuation allowance	(41,760)	(44,600)
	\$ 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 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 September 30, 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 \$3,447 as of September 30, 2008. Our accounts receivable were \$21,521 as of September 30, 2008. We also had \$1,200 represented by a security deposit and \$300 represented by prepaid expenses and other current assets. Therefore our total current assets as of September 30, 2008 were \$26,468. We also had \$10,630 represented by fixed assets, net of depreciation, as of September 30, 2008.

Our total assets as of September 30, 2008 were \$37,098. As of September 30, 2008, our current liabilities were \$218,009, of which \$67,281 was represented by accounts payable and accrued expenses, \$800 was represented by income taxes payable, and \$149,928 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 September 30, 2008 and September 30, 2007.

#### Results of Operations.

Revenues. We generated revenues of \$23,382 for the three months ended September 30, 2008, as compared to \$18,564 for the three months ended September 30, 2007. The increase in revenues was primarily due to the fact that we had more clients and performed more work during the three months ended September 30, 2008 as compared to 2007.

Operating Expenses. For the three months ended September 30, 2008, our total operating expenses were \$30,610, as compared to total operating expenses of \$42,433 for the three months ended September 30, 2007. The decrease in total operating expenses is due primarily to a decrease in general and administrative expenses for the three months ended September 30, 2008, to \$7,993 as compared to \$27,693 for the three months ended September 30, 2007. Therefore, our net loss before provision for income taxes was \$7,228 for the three months ended September 30, 2008, as compared to a net loss before provision for income taxes, was \$23,869 for the three months ended September 30, 2007.

For the nine months ended September 30, 2008 and September 30, 2007.

#### Results of Operations.

Revenues. We generated revenues of \$85,600 for the nine months ended September 30, 2008, as compared to \$61,382 for the nine months ended September 30, 2007. The increase in revenues was primarily due to the fact that we had more clients and performed more work during the nine months ended September 30, 2008 as compared to 2007.

Operating Expenses. For the nine months ended September 30, 2008, our total operating expenses were \$104,858, as compared to total operating expenses of \$137,214 for the nine months ended September 30, 2007. The decrease in total operating expenses is due to decreases in certain of our operating expenses. We had a decrease in professional fees, which totaled \$23,919 for the nine months ended September 30, 2008 as compared to \$34,355 for the nine months ended September 30, 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 \$22,066 for the nine months ended September 30, 2008 as compared to \$51,106 for the nine months ended September 30, 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 \$19,258 for the nine months ended September 30, 2008, as compared to \$75,832 for the nine months ended

September 30, 2007.

**Other Income.** For the nine months ended September 30, 2008, we had no other income, as compared to the nine months ended September 30, 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 nine months ended September 30, 2008, our net loss from operations before provision for income taxes of \$800 was \$19,258 making our net loss \$20,058. This is in comparison to the nine months ended September 30, 2007, where our net loss was \$70,231, and after provision for income tax of \$800, was \$71,031. The decrease in our net loss for the nine months ended September 30, 2008, was due a decrease in operating expenses between the two periods, and the increase 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 continue to increase the number of clients we service and actively market and promote our services. We have been actively 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 \$3,447 of September 30, 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. Ryan Neely, our president, secretary, chief financial officer and one of our directors, has made advances to us which are unsecured and due on demand. As of September 30, 2008, the total amount due was \$149,928. 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.

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.

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.

On previous quarterly and annual reports, we have checked the shell company status box because our management had believed that we may have been considered a shell company as such term is defined in Rule 12b-2 of the Securities and Exchange Act of 1934, as amended. After further review, we do not believe that we are a shell company as we have significant operations. Furthermore, our operations have increased over the last nine months and we anticipate that they will continue to increase. Accordingly, we have checked the box on the cover page of this report that specifies we are not 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 September 30, 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

Date: November 7, 2008

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