

BLUE CALYPSO, INC.
Form 10-Q
August 18, 2011

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

FORM 10-Q

(Mark One)

X . QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2011**

or

. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-53981**

BLUE CALYPSO, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of Incorporation or
Organization)

20-8610073
(I.R.S. Employer Identification No.)

123 West Nye Lane, Suite 129 Carson City, NV

(Address of Principal Executive Offices)

89706

(Zip Code)

(831) 521-7410

(Registrant's Telephone Number, Including Area Code)

JJ&R VENTURES, INC.

(Former Name, Former Address and Former Fiscal Year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes . No .

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

Large accelerated filer . Accelerated filer .
Non-accelerated filer . (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 .

As of August 17, 2011, there were 75,974,700 shares of the issuer's common stock outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at June 30, 2011 and 2010 and for the periods then ended have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2010 audited financial statements. The results of operations for the periods ended June 30, 2011 and 2010 are not necessarily indicative of the operating results for the full year.

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Blue Calypso, Inc.

Condensed Balance Sheet

June 30, 2011 (unaudited) and December 31, 2010 (audited)

	June 30,	December
	2011	31,
<u>ASSETS</u>	unaudited	2010
Current assets		
Cash in bank	\$ 74	\$ 1
Accounts receivable	756	56
Total current assets	830	57
Other current assets		
Inventory	30,607	31,286
Fixed Assets		
Furniture and Equipment		
Computer	1,993	1,993
Accumulated depreciation	(1,595)	(1,395)
Total Fixed Assets	398	598
Total assets	\$ 31,835	\$ 31,941
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable-trade	\$ 2,167	\$ 6,654
Accrued interest	4,421	2,552
Sales tax payable	104	44
Loan from related party	3,594	2,364
Total current liabilities	10,286	11,614
Notes Payable-computer	1,684	1,741
Notes payable related parties	50,379	38,678
Total Long-Term Liabilities	52,063	40,419
Total liabilities	62,349	52,033
Shareholders' Equity (deficit)		
Preferred stock, 5,000,000 shares, \$.0001 par value, authorized, 0 outstanding	0	0
Common stock, 200,000,000 shares, \$.0001 par value, authorized, 22,345,500 outstanding	2,235	2,235
Paid in capital	126,015	126,015
Retained deficit	(158,764)	(148,342)
Total shareholders' equity	(30,514)	(20,092)
Total liabilities and shareholders' equity	\$ 31,835	\$ 31,941

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

Blue Calypso, Inc.

Condensed Statement of Operations

For the six months ended June 30, 2011 and 2010

	Six Months	Six Months
	Ended	Ended
	June 30,	June 30,
	2011	2010
Revenues	\$ 1,620	\$ 583
Cost of Goods sold	1,275	557
Gross profit	345	26
Expenses		
Advertising	0	142
Automobile expense	91	231
Bank charges	32	162
Computer and internet expenses	0	88
Filing fees	327	508
Depreciation Expense	199	199
Office supplies	9	98
Professional fees	7,133	10,896
Taxes	0	834
Telephone expenses	852	967
Total expenses	8,643	14,125
Net loss from operations	(8,298)	(14,099)
Interest Expense	(2,125)	(1,432)
Net income (loss)	\$ (10,423)	\$ (15,531)
Loss per common share	\$ (0.01)	\$ (0.01)
Weighted average of shares outstanding	\$ 22,345,500	\$ 22,345,500

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

Blue Calypso, Inc.

Condensed Statement of Cash Flows

For the six months ended June 30, 2011 and 2010

	Six Months	Six Months
	Ended	Ended
	June 30,	June 30,
	2011	2010
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Net income (loss)	\$ (10,423)	\$ (15,531)
Adjustment to reconcile net to net cash provided by operating activities		
Depreciation	199	199
(Decrease) in accounts payable	(4,174)	539
Accrued Interest	1,870	1,103
Decrease in Loans PY	(57)	103
Increase in sales tax payable	60	24
Increase in prepaid expenses	-	(5)
Decreased inventory	678	417
Decrease in accounts receivable	-	-
Rounding error	1	1
NET CASH PROVIDED		
BY OPERATING ACTIVITIES	(12,546)	(12,830)
NET CASH USED IN		
INVESTING ACTIVITIES		
Computer purchase	-	-
NET CASH REALIZED		
FROM INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES		
Proceeds fm unissued stocks sale	-	-
Sale of common stock	-	-
Related party notes	12,619	12,747
NET CASH REALIZED		
FROM FINANCING ACTIVITIES	12,619	12,747
INCREASE IN CASH		
AND CASH EQUIVALENTS	73	(83)
Cash and cash equivalents		
at the beginning of the year	1	108
CASH AND CASH EQUIVALENTS		
AT YEAR END	\$ 74	\$ 25

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

Blue Calypso, Inc

Footnotes to the Condensed Financial Statements

June 30, 2011 and 2010

1.

Organization and basis of presentation

Basis of presentation

The accompanying interim condensed financial statements are unaudited, but in the opinion of management of Blue Calypso, Inc. f/k/a JJ&R Ventures, Inc. (the Company), contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at June 30, 2011, the results of operations for the six months ended June 30, 2011 and 2010, and cash flows for the six months ended June 30, 2011 and 2010. The balance sheet as of December 31, 2010 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as filed with the Securities and Exchange Commission.

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

The results of operations for the six months ended June 30, 2011 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2011.

Description of business

The Company was incorporated under the laws of the State of Nevada on March 2, 2007. The principal activities of the Company, from the beginning of the development stage, have been organizational matters and the sale of stock. The Company was formed to provide child education services.

Pervasiveness of estimates

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

Cash and cash equivalents

For financial statement presentation purposes, the Company considers all short term investments with a maturity date of three months or less to be cash equivalents.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost includes the price paid to acquire the assets, including interest capitalized during the period and any expenditure that substantially add to the value of or substantially extend the useful life of an existing asset. Maintenance and repairs are charged to operations as incurred.

The Company computes depreciation expense using the straight-line method over the estimated useful lives of the assets, as presented in the table below. The estimated lives of the assets range from three to seven years.

Useful lives in years	
Computer Hardware	3-7
Computer Software	3-5
Furniture and Office Equipment	7
Production Equipment	7
Leasehold Improvements	10

Blue Calypso, Inc

Footnotes to the Condensed Financial Statements

June 30, 2011 and 2010

Income Tax

The Company accounts for income taxes under ASC 740 "Income Taxes" which codified SFAS 109, "Accounting for Income Taxes." under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260 "Earnings Per Share" which codified SFAS No. 128. "Earnings per Share." ASC 260 requires presentation of both basic and diluted earnings per Share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

Fair Value of Financial Instruments

Accounting Standard Codification ASC 825 "Financial Instruments" codified Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate are carrying values of such amounts.

Stock-based compensation

ASC 718 "Compensation - Stock Compensation" codified SFAS No. 123 prescribes accounting and reporting standards for all stock-based compensation plans payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50 "Equity - Based Payments to Non-Employees" which codified SFAS 123 and the Emerging Issues Task Force consensus in Issue No. 96-18 ("EITF 96-18"), "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services". Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

Issuance of shares for service The Company accounts for the issuance of equity instruments to acquire goods and services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more reliably measurable.

Recognition of Revenues

Revenues are recognized when the risks and rewards of ownership have passed to the customer, based on the terms of sale. This occurs upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer. Provisions for sales discounts, returns and miscellaneous claims from customers are made at the time of sale.

Blue Calypso, Inc

Footnotes to the Condensed Financial Statements

June 30, 2011 and 2010

Inventory Valuation

Inventories are stated at lower of cost or market and valued on a first-in, first-out (FIFO) basis.

2.

New accounting pronouncements

The following accounting pronouncements if implemented would have no effect on the financial statements of the Company.

In January 2010, the Financial Accounting Standards Board ("FASB") issued an accounting standard update, Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements. The Update would affect all entities that are required to make disclosures about recurring and nonrecurring fair value measurements. The Board concluded that users will benefit from improved disclosures in this Update and that the benefits of the increased transparency in financial reporting will outweigh the costs of complying with the new requirements. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 30, 2010, and for interim periods within those fiscal years. We are currently evaluating the impact this update will have on our financial statements.

3.

Related party transaction

Various founders of the Company have performed consulting services for which the Company has paid them consulting fees as voted on during the initial board of directors meeting. There were no monies paid during the three months ended June 30, 2011 and 2010.

The Company borrowed \$12,649 and \$12,747 from various related parties and shareholders of the Company for working capital purposes as of June 30, 2011 and 2010 respectively.

The major shareholder also contributed funds for prepaid expenses. The total outstanding as of June 30, 2011 and 2010 was \$3,594 and \$1,615 respectively.

As of June 30, 2011, the Company assigned and a related party assumed \$312 of Accounts Payable liabilities.

4.

Three Month Data Second Quarter 2010 and 2009

	2010	2010
Revenue	\$ 492	\$ 243
Cost of Goods Sold	\$ (754)	\$ 222
Gross Profit	\$ (263)	\$ 21
Expense	(3,766)	(8,766)
Operating Loss	(4,029)	(8,766)
Other Revenue and Expense	(1,128)	(681)
Three Month Loss	\$ (5,157)	\$ (9,447)

5.

Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, the company has minimal revenues, net accumulated losses since inception, and a retained deficit of \$158,764. These factors raise substantial doubt about its ability to continue as a going concern. The ability to the Company to continue as a going concern is dependent on the company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the company is unable to continue as a going concern.

6.

Inventory, prepaid inventory and marketing

The Company entered into an agreement with Winepress for printing of its first book. The Company also entered into an addendum agreement with Winepress for marketing and publicity for its book. As of March 31, 2009, the Company paid \$31,550 in prepaid inventory for its books and \$3,409 for its marketing and publicity. As of December 31, 2009, the Company had received its inventory, and Winepress had completed its promotional publications and direct marketing.

Blue Calypso, Inc

Footnotes to the Condensed Financial Statements

June 30, 2011 and 2010

As of June 30, 2011 and 2010, the Company had inventory of published books of \$30,607 and \$30,992 respectively.

7.

Property and equipment

The Company purchased a computer in 2007. The computer is being depreciated over 5 years. As of June 30, 2011 and 2010, the company recorded depreciation expense of \$199 and \$199 respectively.

8.

Note payable

The Company purchased a computer and financed it for five years at an interest rate of 24.99%.

9.

Subsequent events

On July 20, 2011, JJ&R Ventures, Inc. (the Company) formed a wholly-owned subsidiary Blue Calypso, Inc. (Blue Calypso). On July 21, 2011, the Company then entered into an Agreement and Plan of Merger (the Merger Agreement) with this new subsidiary Blue Calypso, Inc. (Blue Calypso). Blue Calypso has no activity. Pursuant to the Merger Agreement, Blue Calypso was merged into and with the Company (the Merger). In connection with the Merger and in accordance with Section 92A.180 of the Nevada Revised Statutes (NRS), the name of the Company was changed from JJ&R Ventures, Inc. to Blue Calypso, Inc. (ref 8K filing).

On July 21, 2011, the Company filed a Certificate of Change to its Articles of Incorporation in order to effect a forward split of all of its outstanding shares of common stock at a ratio of three and four tenths (3.4) for one (1) (the Forward Split). The record date for the Forward Split is August 1, 2011. The Forward Split was effected by the board

of directors of the Company in accordance with Section 78.207 of the NRS by correspondingly increasing the number of shares of common stock that the Company is authorized to issued from Two Hundred Million (200,000,000) shares to Six Hundred Eighty Million (680,000,000) shares.

ITEM 2. PLAN OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENT NOTICE

This Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose any statements contained in this Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as may, will, expect, believe, anticipate, estimate or continue or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include but are not limited to economic conditions generally and in the industries in which we may participate; competition within our chosen industry, including competition from much larger competitors; technological advances and failure to successfully develop business relationships.

Description of Business.

General

We were formed as a Nevada corporation on March 2, 2007 as JJ&R Ventures, Inc. On July 21, 2011, JJ&R Ventures, Inc. (the Company) entered into an Agreement and Plan of Merger (the Merger Agreement) with its newly formed wholly-owned subsidiary Blue Calypso, Inc. (Blue Calypso). Pursuant to the Merger Agreement, Blue Calypso was merged into and with the Company (the Merger). In connection with the Merger and in accordance with Section 92A.180 of the Nevada Revised Statutes (NRS), the name of the Company was changed from JJ&R Ventures, Inc. to Blue Calypso, Inc.

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to Six Hundred Eighty Million (680,000,000) shares.

The Company is in the business of developing and marketing educational book series, consisting of books, presentations, and flash cards focusing on healthy nutrition information for children. Our goal is to promote our books and educational materials by also developing educational programs for kids and parents throughout the United States. The educational programs will start with our "What's in My Food?" series designed to help kids to see the value of eating healthy.

The Company is continuing to seek new business opportunities and is currently negotiating with an entity that has developed a social mobile endorsement and brand loyalty platform regarding a potential merger. The Company is currently negotiating the terms of a potential merger transaction with such entity, however, the Company can provide no assurance that it will be able to come to an agreement with such entity regarding the transaction. In accordance with the terms of the proposed merger agreement, Deborah Flores, the sole member of the Company's board of directors will resign from the board of directors effective upon the later of April 8, 2011 or the closing of the merger. It is also anticipated that immediately after the consummation of the merger, the Company will transfer all of its pre-merger assets and liabilities to its wholly-owned subsidiary, JJ&R Ventures Holdings, Inc. ("SplitCo"). Thereafter, pursuant to a stock purchase agreement, the Company will transfer all of the outstanding shares of SplitCo to certain of its stockholders in exchange for the cancellation of 51,000,000 shares of Common Stock (the "Stock Cancellation"). In connection with the merger, the Company will issue an aggregate of 1,500,000 shares of its Series A Preferred Stock to be designated in connection with the merger. Immediately after the consummation of the proposed merger and Stock Cancellation, the holders of the issued and outstanding shares of common stock of the merger candidate would own approximately eighty percent (80%) of the then issued and outstanding shares of Common Stock. A condition to the closing of the Merger is that all of the current officers and directors of the Company resign and that the merger candidate appoint new officers and directors.

Our business

The Company is in the business of developing children's books, flash cards, and other learning materials on most urgent and popular subjects for sale to the general public.

Initially, we plan on focusing primarily on the subject of healthy eating habits for kids. Childhood obesity is a very hot topic discussed daily in the news media. We believe that our initial product, *What's in My Food?* will attract the attention of parents and early education specialists and will help us enter the competitive market of children's books and educational materials. *What's in My Food* series of books and flash cards address what we believe to be a current gap in health and living section of children's literature and are designed to teach the kids and their parents how to make good choices for healthy living and interactions with others through stories as seen through the eyes of a child. The book is currently designed to be up to 30 pages long, in paper back and in full color. We believe that a competitive bright styling of the book and other related materials will initially appeal to the kids and attract their interest, and will fit in with the standards of most book stores.

Our second line of products, currently under development, is foreign language learning materials. JJ&R is developing foreign language flash cards, printed on a solid gloss paper stock for the durability and ease of use. Parents and early education professionals will be able to introduce young learners to multiple languages through repetitive use of our flash cards, with each card showing a word in English, Spanish and sign language. Each card will also include a picture to visually connect with the word and help the child hold it in the long term memory bank.

Our revenues are derived from sales of our educational products. We also plan on organizing seminars designed to attract children and their parents and put them in touch with the professionals specializing in the subject matter covered by the seminar. For example, for our *What's in My Food* series seminars, we may invite local pediatricians, nutritionists and diet specialists to give lectures to local kids and their parents on the values of good eating. The seminars will be free to the attendants, but fee-based to the presenters since the seminars will be a valuable way for these professionals to attract new clients. JJ&R will be actively marketing its products both to the attendants and the presenters, providing for a good cross-marketing opportunity. We intend to target preschools, elementary schools, home school groups & after school programs and need to cultivate a significant base of users in order to generate a ratable flow of sales and revenue. We do not believe that any single customer will be our major revenue stream.

Current Status

The Company received its first shipment of 10,000 copies of its book *What's in My Food?* with 50% of the book inventory warehoused with the publisher. The books are soft cover, fully illustrated in color, 8 x 8 with 32 pages and has a current suggested retail price of \$12.95. Both the publisher and the author are scheduling signings and book store visits to promote and market the book. The Company intends to expand its marketing efforts by making the book available through on-line book stores.

Under contract with the Company, Winepress Group completed a direct sales marketing campaign. The author has been promoting the book and arranging presentations with community groups, schools, churches and other groups. In addition, the Company has listed the book with Albris which is an online company. The Company is actively pursuing a variety of promotional methods both online and in bookstores to increase sales of its book.

Since the second quarter of 2010, the author has actively been promoting *What's in My Food?* by attending health, wellness and character seminars for the Little League program through parks and recreation departments in the central California area. The author is continuing marketing activities with speaking engagements with local Boys & Girls Club organizations.

A second book is in process that deals with how food actually works in the body. This book is also geared toward children. Another project underway is an information booklet that will serve as a quick reference guide.

Employees

At the present time Deborah Flores is our only employee as well as our sole officer and director and a major shareholder. Mrs. Flores will devote such time as required to actively market and further develop our services and software products. At present, we expect Mrs. Flores will devote at least 30 hours per week to our business. We expect to contract the services of a web hosting company and use their central server for our web site needs. We do not anticipate hiring any additional employees until such time as additional staff is required to support our operations.

Results of Operations Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

We have \$74 cash on hand and have experienced losses since inception. During the six months ended June 30, 2011, we generated \$1,620 in revenue from book sales with cost of good sold at \$1,275 giving us a gross profit of \$345. During the period ended June 30, 2010 we generated revenue from book sales of \$583, with cost of good sold at \$557 for a gross profit of \$26. Expenses during the period ended June 30, 2011 were \$8,643 with interest expense of \$2,125 for a net loss of \$10,423 compared to expenses of \$14,125 with interest expense of \$1,432 for the period ended June 30, 2010 for a net loss of \$15,531. Expenses for both periods consisted entirely of general and administrative expenses. The majority of these expenses were due to professional, legal and accounting fees relating to our reporting requirements.

As a result of the foregoing factors, we realized a net loss of \$10,423 for the period ended June 30, 2011, compared to a net loss of \$15,531 for the period ended June 30, 2010.

Liquidity and Capital Resources

The Company's balance sheet as of June 30, 2011, reflects total assets of \$31,835 which consist of \$74 in cash, \$756 in accounts receivable, \$30,607 in inventory, and \$398 in furniture and computer equipment net of depreciation. As of June 30, 2011, our liabilities were \$62,349 which included \$2,167 in accounts payable, \$104 in sales tax payable, \$4,421 in accrued interest, \$3,594 in a loan from a related party, \$1,684 in notes payable for our computer and \$50,379 in related party notes payable.

The company has borrowed \$12,649 and \$12,747 from various related parties and shareholders of the Company for working capital purposes as of June 30, 2011 and 2010 respectively. A major shareholder also contributed funds for expenses. The total outstanding as of June 30, 2011 and 2010 was \$3,594 and \$1,615 respectively.

As of June 30, 2011, the Company assigned and a related party assumed \$312 of Accounts Payable liabilities.

As of June 30, 2011 and 2010, the Company had inventory of published books of \$30,607 and \$30,992 respectively.

Management anticipates that we will receive revenue from book sales along with sufficient advances from our president or through sales of our common stock to meet our needs through the next 12 months. However, there can be no assurances to that effect. Should we require additional capital, we may seek additional advances from officers, sell common stock or find other forms of debt financing.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not required by smaller reporting companies.

ITEM 4T. CONTROLS AND PROCEDURES.

(a)

Evaluation of Disclosure Controls and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective, as of June 30, 2011, in ensuring that material information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and r