

Teacher's Pet, Inc.
Form 10-K
April 01, 2010

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

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2009

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: 333-138944

TEACHER'S PET, INC.
(Name of small business issuer in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	20-1681362 (I.R.S. employer identification number)
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1052 Las Palmas Entrada Henderson, Nevada (Address of principal executive offices)	89012 (Zip code)
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Issuer's telephone number: (702) 509-1176

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities Registered Pursuant to Section 12(g) of the Act:

None
(Title of class)

(Title of class)

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>

(Do not check if a 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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the most recent price at which the common equity was sold: \$22,026 as of March 31, 2010.

The number of shares outstanding of each of the issuer's classes of common equity, as of March 31, 2010 was 3,440,500.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990).

None.

Transitional Small Business Disclosure Format (Check one): Yes No

TEACHER'S PET, INC.
FORM 10-K
For the year ended December 31, 2009

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FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements about our business, financial condition and prospects that reflect our management's assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, Teacher's Pet's actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand its customer base, managements' ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify and qualify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

PART I

DESCRIPTION OF BUSINESS

Business Development and Summary

We were incorporated in the State of Nevada on September 17, 2004. Our business objective is to sell educational books, supplies and aides to teachers and schools.

Our administrative office is located at 1052 Las Palmas Entrada, Henderson, Nevada 89012.

Our fiscal year end is December 31.

Business of Issuer

Our products

Teacher's Pet, Inc. is in the business of selling educational materials, such as curriculum-based books, workbooks and other support materials, as well as educational computer software programs. Our target market consists primarily of elementary schools and teachers of grades kindergarten through sixth initially in the Phoenix, Arizona and Las Vegas, Nevada metropolitan areas. We also believe that parents who home-school their children may also be attracted to our proposed products. We believe that children may benefit from being exposing to educational stimuli at an early age outside the classroom environment.

It is our desire to provide teachers with the tools to create an effective classroom environment. We understand that a teacher's time is his or her most precious commodity. Even the simplest classroom management tasks can be time-consuming. Every minute spent on block-printing desktop name tags, composing welcome letters, writing behavior reports, devising and constructing activities, drawing diagrams, or creating any of the other forms, letters and work sheets teachers use every day is a minute lost to content-based planning and preparation. This lost time equates to less focused instruction for children and potentially lower academic achievement.

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Our business is concentrated in the educational products industry, which consists of educational school supplies and equipment for school and classroom use. We intend to offer a broad assortment of third-party developed products from publishers and manufacturers. These products will allow us to reach teachers and other education professionals looking for a diverse range of products to fulfill the educational needs of the children in their classroom and include, but are not limited to, the following:

1. Chapter books,
2. Educational videos,
3. Curriculum outlines,
4. Lesson planning guides and
5. Classroom management tools.

We do not manufacture, publish or otherwise produce any item. Instead, we purchase these items from outside sources. We have identified and begun to contact potential suppliers and manufacturers, including Carson Dellosa Publishing, Incentive Publications and Teacher Created Materials. Tracie Hadama, our sole officer and director, undertakes all merchandising activities.

Distribution Methods of Our Products

Our sales efforts are currently focused on establishing direct contact with educators and school administrators in the Las Vegas, Nevada and Phoenix, Arizona metropolitan areas. Lists of schools are readily available either on the Internet or in telephone books, which used to compile a database of potential marketing opportunities. Our direct sales methods encompass telephone contact and face-to-face visits by our sole officer and director. When we are required to fulfill customer orders, we will use general parcel services such as United Parcel Service, DHL and Federal Express.

Industry Background and Competition

The demand for educational products is fundamentally driven by the size of the preschool and elementary school-age population and levels of student enrollment. According to the U.S. Department of Education, the preprimary school-age population (consisting of children ages three to five) is expected to be approximately 11.6 million by 2007 and the elementary school-age population (consisting of children ages five to thirteen) is expected to be approximately 35.2 million that same year. We believe that, given the size of the preschool and elementary school-age populations and levels of student enrollment, the educational products industry will continue to experience significant demand in coming years.

The educational products industry is also dependent on the number of schools and teachers educating the preschool and elementary school-age populations. According to the U.S. Department of Education, in 2000, there were approximately 16,000 school districts, 92,000 elementary schools and 3.3 million elementary school teachers in the United States. Because the population of children is expected to remain high, we believe that these figures will not significantly decrease in the near future, and may increase as education professionals, school administrators and parents demand that classroom size be decreased in order for children to learn more effectively.

Academic research continues to highlight the importance of learning in the early age groups, i.e. ages one through seven, and the media is increasingly focusing on the importance of parental involvement during this critical stage of growth and brain development. We believe that parents are taking on an increasingly significant role in setting educational standards for their children's development. In their efforts to help their children learn, improve their children's standardized test scores and make learning fun, parents are increasingly selecting and purchasing a wide variety of educational products for their children to use at home. With thousands of educational products to choose from and few reliable sources of information, parents are faced with the challenge of finding quality educational products and selecting the right products for their children.

The market for educational supplies is very competitive, highly fragmented and is characterized by pricing pressures, brand awareness and recognition, as well as convenience, reliability and accessibility. Most of our competition exists on a local or regional basis, or are dedicated exclusively to operating via the Internet. We compete with many online and physical retailers, which can be divided into several groups:

1. Traditional store-based teacher's supply stores,
2. On-line only retailers,

3. On-line efforts of traditional store-based retailers and

4. Catalog retailers of educational materials.

We are a development stage company without a base of operations and lacking an ability to generate sales. As such, our competitive position is unfavorable in the general marketplace. Unless we begin to generate revenues, we will not be able to maintain our operations. Significantly all of our current and potential traditional competitors have longer operating histories, larger customer or user bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. Our competitors may be able to secure products from vendors on more favorable terms, fulfill customer orders more efficiently and adopt more aggressive pricing or inventory availability policies than we can. Many of these current and potential competitors can devote substantially more resources to advertising and marketing campaigns than we will be able to.

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Number of total employees and number of full time employees

We are currently in the development stage. During the development stage, we plan to rely exclusively on the services of our sole officer and director. There are no other full- or part-time employees.

Reports to Security Holders

1. We will furnish shareholders with annual financial reports certified by our independent registered public accountants.
2. We are a reporting issuer with the Securities and Exchange Commission. We file periodic reports, which are required in accordance with Section 15(d) of the Securities Act of 1933, with the Securities and Exchange Commission to maintain the fully reporting status.
3. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20002. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings will be available on the SEC Internet site, located at <http://www.sec.gov>.

RISK FACTORS

Our sole officer and director may be unable to develop our business and manage our public reporting requirements.

Our operations depend on the efforts of Tracie Hadama, our sole officer and director. Mrs. Hadama has no experience related to public company management, nor as a principal accounting officer. Because of this, we may be unable to develop and manage our business and public reporting requirements. We cannot guarantee you that we will overcome any such obstacle.

Investors may lose their entire investment if we fail to implement our business plan.

We have a limited operational history on which you can evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, the absence of ongoing revenue streams, inexperienced management and lack of brand recognition. Teacher's Pet cannot guarantee that we will be successful in accomplishing our objectives. To date, we have not generated any revenues from sales and expect to incur losses in the foreseeable future. If we fail to implement and create a base of operations for our proposed business of selling teacher's supplies, we may be forced to cease operations, in which case investors may lose their entire investment.

If we are unable to continue as a going concern, investors may face a complete loss of their investment.

We have no revenue generating ability and no significant base of operations. Taking these facts into account, our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern in the independent registered public accounting firm's report to the financial statements included in the registration statement, of which this prospectus is a part. If our business fails, investors may face a complete loss of their investment.

Teacher's Pet may not be able to attain profitability without additional funding, which may be unavailable.

We have limited capital resources. To date, we have not generated cash from our operations. Unless we begin to generate sufficient revenues from sales of our teacher's supplies to finance operations as a going concern, we may experience liquidity and solvency problems. Such liquidity and solvency problems may force us to go out of business if additional financing is not available. We have no intention of liquidating. In the event our cash resources are insufficient to continue operations, we intend to raise addition capital through offerings and sales of equity or debt securities. In the event we are unable to raise sufficient funds, we will be forced to go out of business and will be forced to liquidate. A possibility of such outcome presents a risk of complete loss of investment in our common stock.

Because of competitive pressures from competitors with more resources, Teacher's Pet may fail to implement its business model profitably.

The market for customers is intensely competitive and such competition is expected to continue to increase. We compete with many online and physical retailers that either specialize in selling teacher-specific materials or carry teaching supplies as a complementary offering to a larger variety of merchandise. Brick and mortar stores range in size from independently owned and operated stores catering to a limited geographic area to larger merchandisers serving multiple states, such as Learning Is Fun and Lakeshore Learning. Online retailers are numerous and typically include the large physical merchandisers, countless sites that target teachers and home-school families and website that sell a large amalgam of products, such as Amazon.com.

Generally, our actual and potential competitors have longer operating histories, greater financial and marketing resources, greater name recognition and an entrenched client base. Therefore, many of these competitors may be able to devote greater resources to attracting customers and preferred vendor pricing. There can be no assurance that our current or potential competitors will not stock comparable or superior products to those to we expect to offer. Increased competition could result in lower than expected operating margins or loss of market share, any of which would materially and adversely affect our business, results of operation and financial condition.

We may be unable to generate sales without sales, marketing or distribution capabilities.

We have no sales, marketing or distribution capabilities. We cannot guarantee that we will be able to develop a sales and marketing plan or to develop an effective chain of distribution. In the event we are unable to successfully implement these objectives, we may be unable to generate sales and operate as a going concern.

We may not be able to generate sales if certain schools or school administrators do not allow us to market directly to their teachers.

Our business objective is to sell educational books, aids and supplies directly to teachers and schools. However, particular schools, school districts or administrators may prevent us from marketing our proposed products directly to their population of educators. If we are unable to enter schools, we may not be able to generate awareness of our brand or proposed product offerings and may therefore be unable to generate sales. Additionally, if we cannot market directly through schools and school districts, we may be forced to allocate additional funds to marketing and advertising activities, which could harm our profitability and deplete our capital resources.

We may be unable to obtain sufficient quantities of quality merchandise on acceptable commercial terms because we do not have long-term distribution and manufacturing agreements.

We do not own or operate any manufacturing facilities. We rely primarily on product manufacturers and third-party distributors to supply the products we plan to offer. Our business would be seriously harmed if we were unable to develop and maintain relationships with suppliers and distributors that allow us to obtain sufficient quantities of quality merchandise on acceptable terms. We do not have long-term or exclusive arrangements with any vendor or distributor that guarantee the availability of products to us. Additionally, we may be unable to establish alternative sources of supply for our products to ensure delivery of merchandise in a timely and efficient manner or on terms acceptable to us. If we do not receive shipments in a timely manner, we may miss delivery deadlines, and our customers may subsequently cancel orders, refuse to accept deliveries or demand discounts. If we cannot obtain and stock our products at acceptable prices and on a timely basis, we may lose sales and our potential customers may take their purchases elsewhere.

Our revenue and gross margin could suffer if we fail to manage our inventory properly.

Our business depends on our ability to anticipate our needs for products and suppliers' ability to deliver sufficient quantities of products at reasonable prices on a timely basis. Given that we are in the development stage, we may be unable to accurately anticipate demand and manage inventory levels that could seriously harm us. If predicted demand is substantially greater than consumer purchases, there will be excess inventory. In order to secure inventory, we make advance payments to suppliers, or we may enter into non-cancelable commitments with vendors. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete inventory, which could adversely affect our gross margin.

If we experience problems in distribution and fulfillment, we could lose customers.

We will rely on third-party service and product fulfillment providers, such as Federal Express and United Parcel Service for shipments of our products from vendors to our facility and from our facility to consumers. We are therefore subject to risks, including employee strikes and inclement weather, associated with such shipment carriers' ability to provide delivery services to meet our shipping needs. In addition, if our primary shipment carriers fail to devote a sufficient number of employees or amount of space to us, our ability to deliver products in a timely manner could also be impaired. Our shipment carriers may also depend upon temporary employees to fulfill our needs during peak periods, and sufficient temporary employees may not be available to ensure timely deliveries. Failure or delays at any stage in the transport of our proposed products could result in cancelled sales or a loss of potential repeat purchases.

Failure by us to respond to changes in consumer preferences could result in lack of sales revenues and may force us out of business.

Any change in the preferences of our potential customers or preferred curricula that we fail to anticipate and adapt to could reduce the demand for the teacher's supplies we intend to sell. Decisions about our focus and the specific products we plan to offer are often made in advance of entering the marketplace. Failure to anticipate and respond to changes in consumer preferences and demands, as well as the curriculums of various school districts, could lead to, among other things, customer dissatisfaction, failure to attract demand for our proposed products and lower profit margins.

Teacher's Pet may lose its top management without employment agreements.

Our operations depend substantially on the skills and experience of Tracie Hadama, our sole officer and director. We have no other full- or part-time employees besides this individual. Furthermore, we do not maintain key man life insurance on this individual. Without an employment contract, we may lose Mrs. Hadama to other pursuits without a sufficient warning and, consequently, go out of business.

In the future, Mrs. Hadama may become involved in other business opportunities. We have not formulated a policy for the resolution of such conflicts. If we lose Mrs. Hadama to other pursuits without a sufficient warning we may, consequently, go out of business.

Because our common stock is deemed a low-priced "Penny" stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment even if and when a market develops for the common stock. Until the trading price of the common stock rises above \$5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

1. Deliver to the customer, and obtain a written receipt for, a disclosure document;
2. Disclose certain price information about the stock;
3. Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
4. Send monthly statements to customers with market and price information about the penny stock; and

5. In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the “penny stock” rules described above, the Financial Industry Regulatory Authority (FINRA) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

We have one individual performing the functions of all officers and directors. This individual caused the development of our internal control procedures and is responsible for monitoring and ensuring compliance with those procedures. As a result, our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

UNRESOLVED STAFF COMMENTS

None.

PROPERTIES

We use office space at 1052 Las Palmas Entrada, Henderson, Nevada 89012. Mrs. Hadama, our sole director and officer and a shareholder, is providing the office space at no charge to us. We believe that this arrangement is suitable given that our current operations are primarily administrative. We also believe that we will not need to lease additional administrative offices for at least the next 12 months. There are currently no proposed programs for the renovation, improvement or development of the facilities we currently use.

Our management does not currently have policies regarding the acquisition or sale of real estate assets primarily for possible capital gain or primarily for income. We do not presently hold any investments or interests in real estate, investments in real estate mortgages or securities of or interests in persons primarily engaged in real estate activities.

LEGAL PROCEEDINGS

No Director, officer, significant employee, or consultant of Teacher's Pet, Inc. has been convicted in a criminal proceeding, exclusive of traffic violations.

No Director, officer, significant employee, or consultant of Teacher's Pet, Inc. has been permanently or temporarily enjoined, barred, suspended, or otherwise limited from involvement in any type of business, securities or banking activities.

No Director, officer, significant employee, or consultant of Teacher's Pet, Inc. has been convicted of violating a federal or state securities or commodities law.

Teacher's Pet, Inc. is not a party to any pending legal proceedings.

No director, officer, significant employee or consultant of Teacher's Pet, Inc. has had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS MARKET INFORMATION FOR COMMON STOCK

Market information

There is no established public trading market for our securities and a regular trading market may not develop, or if developed, may not be sustained. A shareholder, in all likelihood, therefore, will not be able to resell his or her securities should he or she desire to do so when eligible for public resale. Furthermore, it is unlikely that a lending institution will accept our securities as pledged collateral for loans unless a regular trading market develops. We have no plans, proposals, arrangements or understandings with any person with regard to the development of a trading market in any of our securities.

Holdings

As of the date of this annual report, Teacher's Pet, Inc. has 3,440,500 shares of \$0.001 par value common stock issued and outstanding held by 33 shareholders of record. Our Transfer Agent is Pacific Stock Transfer, 500 E. Warm Springs Road, Suite 240 Las Vegas, Nevada 89123, phone (702) 361-3033.

Dividends

Teacher's Pet, Inc. has never declared or paid any cash dividends on its common stock. For the foreseeable future, TPET intends to retain any earnings to finance the development and expansion of its business, and it does not anticipate paying any cash dividends on its common stock. Any future determination to pay dividends will be at the discretion of the Board of Directors and will be dependent upon then existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors considers relevant.

Recent Sales of Unregistered Securities

We have not sold any securities in the past three years, which were not registered under the Securities Act.

MANAGEMENT'S DISCUSSION AND PLAN OF OPERATIONS

Forward-Looking Statements

The statements contained in all parts of this document that are not historical facts are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those relating to the following: the Company's ability to secure necessary financing; expected growth; future operating expenses; future margins; fluctuations in interest rates; ability to continue to grow and implement growth, and regarding future growth, cash needs, operations, business plans and financial results and any other statements that are not historical facts.

When used in this document, the words "anticipate," "estimate," "expect," "may," "plans," "project," and similar expressions are intended to be among the statements that identify forward-looking statements. Our results may differ significantly from the results discussed in the forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, those relating to costs, delays and difficulties related to the Company's dependence on its ability to attract and retain skilled managers and other personnel; the uncertainty of the Company's ability to manage and continue its growth and implement its business strategy; its vulnerability to general economic conditions; accuracy of accounting and other estimates; the Company's future financial and operating results, cash needs and demand for services; and the Company's ability to maintain and comply with permits and licenses; as well as other risk factors described in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those projected.

Background

We are in the business of selling products and providing services to assist teachers and parents further the education of children aged between kindergarten through sixth grade. Our target market consists primarily of elementary schools and teachers of grades kindergarten through sixth initially in the Phoenix, Arizona and Las Vegas, Nevada metropolitan areas. We also believe that parents who home-school their children may also be attracted to our proposed products. We believe that children may benefit from being exposing to educational stimuli at an early age outside the classroom environment.

Restated Financial Statements

In connection with our December 31, 2009 audit, we determined that there were errors in the accounting treatment and reported amounts in previously filed financial statements. As a result, we restated our financial statements for the year ended December 31, 2008 and the period from September 17, 2004 (Inception) to December 31, 2008. The adjustment is perpetuated by the \$997 impairment of our aggregate existing inventory, resulting in an increase in impairment expense for the year ended December 31, 2008 and the period from our inception on September 17, 2004 to December 31, 2008. Our adjustments did not affect our previously reported cash and cash equivalents balances in any period.

Management's Discussion and Analysis

We have not generated any revenues since our inception on September 17, 2004 to December 31, 2009, and have only incurred expenses related to the implementation and pursuit of our business objectives. As a result of our lack of revenues and ongoing operational expenses, we have incurred net losses for all periods since our inception. Expenses primarily consist of depreciation expense on our computer equipment and fees related to our public reporting obligations. Total operating expenses during the year ended December 31, 2009 were \$13,416, compared to \$7,836 in the year ended December 31, 2008. The increase in total expenses during the comparable periods from 2008 to 2009 is due primarily to our efforts to reinvigorate our business, through the hiring of third parties to assist and consult with various aspects of our business, such as advertising, merchandising and web strategy.

During the year ended December 31, 2008, our management reviewed inventory on hand and, based upon anticipated customer demand and an overall evaluation of the market for such similar products, we decided to impair all existing items in inventory. As such, we recorded a provision for inventory losses in the amount of \$1,510 to write down inventory. As a result of this impairment, we had no existing saleable inventory as of December 31, 2009 and 2008.

In the year period ended December 31, 2009, our net loss totaled \$13,416, compared to a net loss of \$9,346 in the year period ended December 31, 2008. We have not been profitable from our inception in 2004 through present 2009. There is significant uncertainty projecting future profitability due to our history of losses and lack of

revenues. We anticipate incurring ongoing operating losses for the foreseeable future and cannot provide any guidance otherwise. We have no recurring or guaranteed source of revenues and cannot predict when, if ever, we will become profitable. We anticipate incurring ongoing operating losses and cannot predict when, if at all, we may expect these losses to plateau or narrow. There is significant uncertainty projecting future profitability due to our minimal operating history and lack of guaranteed ongoing revenue streams.

In order for us to achieve profitability and support our planned ongoing operations, we believe that we must generate a minimum of approximately \$25,000 in sales per year. However, we cannot guarantee that we will generate any sales, let alone achieve that target. In our current state, we are unable to determine when, if ever, we will be able to realize any sales of our educational products. Personal discussions between our sole officer and director and educators in the primary and secondary grade levels have indicated financial stress has caused many teachers to reduce their expenditures on teaching materials and, in some cases, the money spent on daily classroom supplies. Given this non-scientific research data obtained through first-hand candid interviews, we believe our future business environment to be challenging, at best. As a result, we cannot guarantee that we will generate any sales, let alone achieve our target of \$25,000 in annual sales. Additionally, as we have no existing inventory, and inadequate capital to purchase additional inventory for sale, we do not expect to generate sufficient revenues to meet our expenses over the next 12 months.

Despite the challenges we expect to continue to face, our management remains steadfast in the belief that a child's education is the priority of all parents and teachers. Consequently, we are planning to initiate the following initiatives:

1. **Attain Financing:** Our cash on hand as of December 31, 2009 was \$2,194. We do not believe this is sufficient to support our ongoing minimal level of operations, nor to undertake the initiatives set forth hereto. Therefore, we plan to raise additional capital through sales of equity or debt instruments, or some derivation thereupon. We believe we require a minimum of \$20,000 to successfully attempt the business development program we have planned. Through the 12 months ended December 31, 2009, our sole officer and director donated cash of \$12,250 to support our operations. However, we cannot assure you that any additional financing can be obtained or, if obtained, that it will be on reasonable terms. In the event we are unable to obtain any additional funds, we will be unable to conduct further operations and, consequently, go out of business.
2. **Acquire Inventory:** Our sole officer and director has contacted various vendors, including, without limitation: Omni Products, Mirage International, Four Seasons Merchandise and Zhejiang Huangyan. Some, or all, of these vendors offer: flexible payment terms, the ability to drop-ship merchandise, low- or no-minimum order values and/or voluminous product catalogs. Upon obtaining sufficient financing, as set forth in initiative 1, above, we plan to begin to place purchase orders for saleable inventory. As mentioned, the bulk of potential suppliers have very lenient purchase requirements; thus, we expect to require no more than \$2,000, in funds with which to begin to purchase inventory.
3. **Establish a Website:** Previously, we relied upon word of mouth and personal sales to generate brand awareness and drive purchases. Obviously, that did not provide any measurable success. Therefore, we have reserved the domain www.eteacherspet.com, whereupon we plan to establish an e-commerce website. We currently have no pages published. Upon attaining sufficient financing, we plan to immediately begin development and publication of an operating e-commerce store. Due to the depressed economy and relatively plentiful amount of web developers in the marketplace, we expect to be able to establish a functional website for no more than \$3,000. However, numerous factors will influence the actual price paid for full development, such as complexity of the build, number of products to be listed and other variables we may not foresee.
4. **Develop a Sales and Marketing Strategy:** Upon establishing a presence on the web, we plan to develop a sales and marketing strategy to generate awareness of our brand and website. We believe this will be the single most difficult initiative, as we will have significantly limited control over its success. At this time, we plan to utilize Google AdWords, establish sales accounts with Amazon.com and/or Buy.com, as well as attempt to establish link exchanges to facilitate the development organic Internet traffic. This is our current strategy, though there can be no assurance that we will revise or develop a completely different plan. We anticipate allocating, based upon a \$20,000 financing commitment, up to \$5,000 toward our Internet marketing strategy.
5. **Identify and Appoint Additional Employees or Executives:** Our sole officer and director may not have sufficient experience or foresight to be able to direct every aspect of our business. We intend to seek additional personnel, to employ or appoint to executive officer status, that can provide additional expertise or, at a minimum, the ability to segregate responsibilities to have more effective internal controls. Unfortunately, the \$20,000 minimum financing amount is insufficient to complete this initiative. However, our sole officer and director believes she has contacts with educators or stay-at-home parents that could volunteer time or expertise to our operations on a part time basis until our finances permit hiring full-time or more qualified personnel.

There are no known trends, events or uncertainties, other than those disclosed heretofore, that have had or that are reasonably expected to have a material impact on our revenues from continuing operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following documents (pages F-1 to F-12) form part of the report on the Financial Statements

	PAGE
<u>Reports of Independent Registered Public Accounting Firms</u>	<u>F-1</u>
<u>Balance Sheets</u>	<u>F-2</u>
<u>Statements of Operations</u>	<u>F-3</u>
<u>Statement of Stockholders' Equity</u>	<u>F-4</u>
<u>Statements of Cash Flows</u>	<u>F-6</u>
<u>Footnotes</u>	<u>F-7</u>

SEALE AND BEERS, CPAs
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Teacher's Pet, Inc.
(A Development Stage Company)

We have audited the accompanying balance sheets of Teacher's Pet, Inc. (A Development Stage Company) as of December 31, 2009 and 2008 (restated), and the related statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2009, 2008 (restated) and since inception on September 17, 2004 through December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conduct our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teacher's Pet, Inc. (A Development Stage Company) as of December 31, 2009 and 2008 (restated), and the related statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2009, 2008 (restated) and since inception on September 17, 2004 through December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has an accumulated deficit of \$38,018 and has earned no revenues since inception, which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Seale and Beers, CPAs

Seale and Beers, CPAs
Las Vegas, Nevada
March 29, 2010

50 S. Jones Blvd. Suite 202 Las Vegas, NV 89107 Phone: (888)727-8251 Fax: (888)782-2351

Teacher's Pet, Inc.
(a Development Stage Company)
Balance Sheets

	December 31, 2009 2008 (RESTATED)	
Assets		
Current assets:		
Cash	\$2,194	\$ 694
Inventory	-	-
Total current assets	2,194	694
Computer equipment, net of accumulated depreciation of \$4,192 and \$3,076 as of 12/31/09 and 12/31/08, respectively	614	1,730
	\$2,808	\$ 2,424
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$1,550	\$ -
Total current liabilities	1,550	-
Stockholders' equity:		
Common stock, \$0.001 par value, 75,000,000 shares authorized, 3,440,500 shares issued and outstanding	3,441	3,441
Additional paid-in capital	35,835	23,585
(Deficit) accumulated during development stage	(38,018)	(24,602)
Total stockholders' equity	1,258	2,424
Total liabilities and stockholders' equity	\$2,808	\$ 2,424

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

Teacher's Pet, Inc.
(a Development Stage Company)
Statements of Operations

	For the years ended December 31,		September 17, 2004 (Inception) to December 31, 2009
	2009	2008 (RESTATED)	
Revenue	\$-	\$ -	\$-
Expenses:			
Depreciation expense	1,116	1,116	4,192
General and administrative expenses	12,300	6,720	32,312
Total expenses	13,416	7,836	36,504
(Loss) before provision for income taxes	(13,416)	(7,836)	(36,504)
Other expenses:			
Interest expense	-	-	(4)
Impairment of inventory	-	(1,510)	(1,510)
Total other expenses	-	(1,510)	(1,514)
(Loss) before provision for income taxes	(13,416)	(9,346)	(38,018)
Provision for income taxes	-	-	-
Net (loss)	\$(13,416)	\$ (9,346)	\$(38,018)
Weighted average number of			
common shares outstanding - basic and fully diluted	3,440,500	3,440,500	
Net (loss) per share-basic and fully diluted	\$(0.00)	\$ (0.00)	

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

Teacher's Pet, Inc.
(a Development Stage Company)
Statement of Stockholders' Equity

(Deficit)
Accumulated