

SLAP, INC.
Form 10-Q
June 18, 2009

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 31, 2009

or

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-51716

SLAP, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

98-0531819

(I.R.S. Employer Identification No.)

565 Silvertip Road, Canmore, Alberta
(Address of principal executive offices)

T1W 3K8
(Zip Code)

(403) 609-0311

(Registrant's telephone number, including area code)

(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.

(1) Yes No

(2) Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if

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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.

L a r g e Accelerated
accelerated filer filer

Non-accelerated S m a l l e r
filer reporting
company

(Do not check if
a s m a l l e r
r e p o r t i n g
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [] No [X]

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

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes [] No []

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

2,800,000 common shares outstanding as of June 11, 2009.

SLAP, INC.

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PART I

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 210 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the nine months ended May 31, 2009, are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2009. For further information refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended August 31, 2008.

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SLAP, INC.
(A Development Stage Company)
BALANCE SHEETS
(Stated in US Dollars)
(Unaudited)

| ASSETS | May 31, 2009 | August 31, 2008 |
|--|-----------------|--------------------|
| Current | | |
| Cash | \$ 115,896 | \$ 13,668 |
| Amounts Receivable | 2,558 | 2,134 |
| Deferred offering costs | - | 38,200 |
| Total Current Assets | \$ 118,454 | \$ 54,002 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 4,556 | \$ 34,490 |
| STOCKHOLDERS' EQUITY | | |
| Capital stock – Note 3 | | |
| Authorized: | | |
| 75,000,000 common shares, par value \$0.001 per share | | |
| Issued and outstanding: | | |
| 2,800,000 and 1,300,000 common shares at May 31, 2009 and August 31, 2008, respectively | 2,800 | 1,300 |
| Additional Paid-in Capital | 174,000 | 63,700 |
| Deficit accumulated during the development stage | (62,902) | (45,488) |
| Total Stockholders' Equity | 113,898 | 19,512 |
| Total Liabilities and Stockholders' Equity | \$ 118,454 | \$ 54,002 |

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

SLAP, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS
For the three and nine months ended May 31, 2009 and May 31, 2008;
and the period from Inception (March 19, 2007) to May 31, 2009
(Stated in US Dollars)
(Unaudited)

| | Three Months Ended May 31, | | Nine Months Ended May 31, | | From Inception (March 19, 2007) to May 31, 2009 |
|--|-------------------------------|------------|------------------------------|-------------|--|
| | 2009 | 2008 | 2009 | 2008 | |
| Expenses | | | | | |
| Organizational costs | \$ - | \$ - | \$ - | \$ - | \$ 1,250 |
| Dry hole costs | - | - | - | - | 24,078 |
| Professional fees | 3,427 | 5,324 | 13,917 | 10,324 | 32,612 |
| Office and administration | 1,849 | 1,629 | 3,497 | 1,851 | 4,962 |
| Net loss for the period | \$ (5,276) | \$ (6,953) | \$ (17,414) | \$ (12,175) | \$ (62,902) |
| Basic and diluted loss per share | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) | |
| Weighted average number of shares outstanding | 2,800,000 | 1,300,000 | 2,398,901 | 1,300,000 | |

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

SLAP, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
For the nine months ended May 31, 2009 and May 31, 2008;
and the period from Inception (March 19, 2007) to May 31, 2009
(Stated in US Dollars)
(Unaudited)

| | Nine Months ended May 31, | | From Inception (March 19, 2007) to May 31, 2009 |
|---|------------------------------|------------------|--|
| | 2009 | 2008 | |
| Cash flows used in Operating Activities: | | | |
| Net loss for the period | \$ (17,414) | \$ (12,175) | \$ (62,902) |
| Adjustment to reconcile net loss to net cash used by operating activities: | | | |
| Changes in operating assets and liabilities: | | | |
| Deposit | - | (643) | - |
| Amounts receivable | (424) | (1,452) | (2,558) |
| Deferred offering costs | 38,200 | (20,700) | - |
| Accounts payable and accrued liabilities | (29,934) | 17,236 | 4,556 |
| Net cash used in operating activities | (9,572) | (17,734) | (60,904) |
| Cash flows from Financing Activities: | | | |
| Issuance of common shares | 111,800 | - | 176,800 |
| Net cash provided by financing activities | 111,800 | - | 176,800 |
| Increase (decrease) in cash during the period | 102,228 | (17,734) | 115,896 |
| Cash, beginning of period | 13,668 | 36,402 | - |
| Cash, end of period | \$ 115,896 | \$ 18,668 | \$ 115,896 |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid for: | | | |
| Interest | \$ - | \$ - | \$ - |
| Income taxes | \$ - | \$ - | \$ - |

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

SLAP, INC.
(A Development Stage Company)
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the nine months ended May 31, 2009

Note 1- Basis of presentation

The accompanying unaudited condensed financial statements of SLAP, Inc. (the "Company") have been prepared in accordance with Securities and Exchange Commission requirements for interim financial statements. Therefore, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2008.

The interim financial statements present the balance sheet, statements of operations and cash flows of SLAP, Inc. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

The interim financial information is unaudited. In the opinion of management, all adjustments necessary to present fairly the financial position as of May 31, 2009, and the results of operations, and cash flows presented herein have been included in the financial statements. All such adjustments are of a normal and recurring nature. Interim results are not necessarily indicative of results of operations for the full year.

Note 2 – Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), BUSINESS COMBINATIONS. This revision to SFAS No. 141 requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, at their fair values as of the acquisition date, with limited exceptions. This revision also requires that acquisition-related costs be recognized separately from the assets acquired and that expected restructuring costs be recognized as if they were a liability assumed at the acquisition date and recognized separately from the business combination. In addition, this revision requires that if a business combination is achieved in stages, that the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, be recognized at the full amounts of their fair values. The Company is currently not pursuing any business combinations and does not plan to do so in the future, so this statement likely will not have any impact on the Company.

In December 2007, the FASB issued SFAS No. 160, NONCONTROLLING INTERESTS IN CONSOLIDATED FINANCIAL STATEMENTS, an amendment of ARB No. 51. The objective of this statement is to improve the relevance, comparability, and transparency of the financial statements by establishing accounting and reporting standards for the Noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The Company believes that this statement will not have any impact on its financial statements, unless it deconsolidates a subsidiary.

In March 2008, the FASB issued SFAS No. 161, DISCLOSURES ABOUT DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (An amendment to SFAS No. 133). This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 and requires enhanced disclosures with respect to derivative and hedging activities. The Company will comply with the disclosure requirements of this statement if it utilizes derivative instruments or engages in hedging activities upon its effectiveness.

SLAP, INC.
(A Development Stage Company)
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - continued
For the nine months ended May 31, 2009

Note 2 – Recently Issued Accounting Pronouncements (continued)

In April 2008, the FASB issued FASB Staff Position No. 142-3, DETERMINATION OF THE USEFUL LIFE OF INTANGIBLE ASSETS (“FSP No. 142-3”) to improve the consistency between the useful life of a recognized intangible asset (under SFAS No. 142) and the period of expected cash flows used to measure the fair value of the intangible asset (under SFAS No. 141(R)). FSP No. 142-3 amends the factors to be considered when developing renewal or extension assumptions that are used to estimate an intangible asset’s useful life under SFAS No. 142. The guidance in the new staff position is to be applied prospectively to intangible assets acquired after December 31, 2008. In addition, FSP No. 142-3 increases the disclosure requirements related to renewal or extension assumptions. The Company does not believe implementation of FSP No. 142-3 will have a material impact on its financial statements.

In May 2008, the FASB issued SFAS No. 162, THE HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. This statement 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 (GAAP) in the United States (the GAAP hierarchy). This statement is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, “the Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles.”

In May 2008, the FASB issued SFAS No. 163, ACCOUNTING FOR FINANCE GUARANTEE INSURANCE CONTRACTS – AN INTERPRETATION OF FASB STATEMENT NO. 60. The premium revenue recognition approach for a financial guarantee insurance contract links premium revenue recognition to the amount of insurance protection and the period in which it is provided. For purposes of this statement, the amount of insurance protection provided is assumed to be a function of the insured principal amount outstanding, since the premium received requires the insurance enterprise to stand ready to protect holders of an insured financial obligation from loss due to default over the period of the insured financial obligation. This Statement is effective for financial statements issued for fiscal years beginning after December 15, 2008.

In June 2008, the FASB issued FASB Staff Position Emerging Issues Task Force (EITF) No. 03-6-1, DETERMINING WHETHER INSTRUMENTS GRANTED IN SHARE-BASED PAYMENT TRANSACTIONS ARE PARTICIPATING SECURITIES (“FSP EITF No. 03-6-1”). Under FSP EITF No. 03-6-1, unvested share-based payment awards that contain rights to receive nonforfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing EPS. FSP EITF No. 03-6-1 is effective for fiscal years beginning after December 15, 2008, and interim periods within those years, and is not expected to have a significant impact on the Company’s financial statements.

In November 2008, the Emerging Issues Task Force (“EITF”) issued Issue No. 08-7, Accounting for Defensive Intangible Assets (“EITF 08-7”). EITF 08-7 applies to all acquired intangible assets in which the acquirer does not intend to actively use the asset but intends to hold (lock up) the asset to prevent its competitors from obtaining access to the asset (a defensive asset), assets that the acquirer will never actually use, as well as assets that will be used by the acquirer during a transition period when the intention of the acquirer is to discontinue the use of those assets. EITF 08-7 is effective as of January 1, 2009. The Company does not expect the adoption of EITF 08-7 to have a material impact on its financial statements.

On January 12, 2009 the FASB issued a final Staff Position ("FSP") amending the impairment guidance in EITF Issue No. 99-20, Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets to achieve more consistent determination of whether another-than-temporary impairment has occurred. This FSP does not have an impact on the Company at the present time.

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SLAP, INC.
(A Development Stage Company)
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - continued
For the nine months ended May 31, 2009

Note 2 – Recently Issued Accounting Pronouncements (continued)

On April 1, 2009 the FASB issued FSP FAS 141(R)-1 that amends and clarifies FASB No. 141 (revised 2007), Business Combinations, to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosures of assets and liabilities arising from contingencies in a business combination.

On April 9, 2009 the FASB issued three FSPs intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities. FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly, provides guidelines for making fair value measurements more consistent with the principles presented in FASB Statement No. 157, Fair Value Measurements. FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments, enhances consistency in financial reporting by increasing the frequency of fair value disclosures. FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments, provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on securities. These FSPs do not have an impact on the Company at the present time.

On May 28, 2009 the FASB announced the issuance of SFAS 165, Subsequent Events. SFAS 165 should not result in significant changes in the subsequent events that an entity reports. Rather, SFAS 165 introduces the concept of financial statements being available to be issued. Financial statements are considered available to be issued when they are complete in a form and format that complies with generally accepted accounting principles (GAAP) and all approvals necessary for issuance have been obtained.

None of the above new pronouncements has current application to the Company, but may be applicable to the Company's future financial reporting.

Note 3 – Common Stock

On November 12, 2008 we accepted subscriptions under a prospectus offering to raise a total of \$150,000 at \$0.10 per share from 47 investors, raising total proceeds of \$150,000. No commissions were paid on any of the subscriptions. A total of \$38,200 in deferred offering costs relating to such offering have been offset to additional paid in capital.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This quarterly report contains forward-looking statements relating to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Given these uncertainties, readers of this Form 10-Q and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

All dollar amounts stated herein are in US dollars unless otherwise indicated.

The management's discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements for the years ended August 31, 2008, and 2007, together with notes thereto. As used in this quarterly report, the terms "we", "us", "our", and the "Company" mean SLAP, Inc., unless the context clearly requires otherwise.

General Overview

We began our business operations by acquiring a 2.5% working interest in an oil and gas drilling prospect in Alberta, Canada. Drilling of our first well commenced on June 30, 2008 and the well was declared a dry hole by the operator on September 26, 2008. We have the option to participate in a further 7 wells on this property. We are currently determining whether to elect to participate in any further drilling on these leases. With the recent decline in oil and gas prices, we do not expect to commence any drilling activity at this time and we will only determine to drill after we have carefully evaluated any further drilling opportunities on our current leases. Should we determine not to participate in further drilling on our existing property, we will seek other exploration and development prospects in

the Province of Alberta, Canada or elsewhere. We may also seek producing properties that can be acquired at attractive discounts to cash flow based on the current oil and gas pricing. We believe that some of the smaller producers may look to divest certain of their producing assets on attractive terms in this current operating environment.

We are a development stage company. We currently have no revenue and no significant assets except for our 2.5% working interest in our oil and gas drilling prospect described above.

Currently, we will not undertake any prospects that require operatorship as we do not have sufficient staff or expertise to do so. We will initially concentrate on acquiring small working interests in exploration properties or development or producing properties where the costs fit in with our proposed budget and for only those properties that have qualified operators. We intend to seek out, analyze and complete corporate mergers and asset acquisitions where value creation opportunities have been identified. We hope to acquire exploitation and exploration drilling prospects, but may consider acquiring properties that have existing production in order to generate cash flow for operations during our start up. There can be no assurance that we will be successful in acquiring any properties that will allow us to generate revenues.

Liquidity and Capital Resources

As of May 31, 2009, we had a total of \$115,896 cash on hand, as compared to \$13,668 as at August 31, 2008, which increase was due to the receipt of \$150,000 raised under our prospectus offering through to November 2008. Deferred offering costs decreased from \$38,200 in August 31, 2008 to \$nil at May 31, 2009, as these amounts were attributed to paid in capital. Accounts payable and accrued liabilities decreased from \$34,490 in August 31, 2008 to \$4,556 at May 31, 2009, as accounts were brought current as a result of the completed offering.

Management believes that our Company's cash and cash equivalents will be sufficient to meet our working capital requirements through this fiscal year. This includes sufficient capital for additional drilling on our leases to determine commercial viability, if such a decision is undertaken, or for alternative development strategies as outlined in our business plan. However, dependent on the outcome of our initial drilling activities we may be required to raise additional capital to continue operations. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease the operation of our business.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining successful exploration results from our Farm-in Agreement or other oil and gas operations that we may undertake, and achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Results of Operation

The Company had no revenues for the nine month period ending May 31, 2009, as was the case in the corresponding nine month period ending May 31, 2008. General and administrative expenses for the three month period ended May 31, 2009, totaled \$5,276, as compared to \$6,953 for the three month period ended May 31, 2008. These amounts were generally related to routine accounting, administrative, clerical expenses, and filing fees. Basic and diluted loss per share for the nine period ended May 31, 2009 was \$.01, and \$.01 for the nine month period ended May 31, 2008.

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 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of May 31, 2009, because of the material weakness in our internal control over financial reporting (“ICFR”) described below, our disclosure controls and procedures were not effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Report On Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act Rules 13a-15(f) and 14d-14(f). Our internal control over financial reporting is designed 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.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting reliability and financial statement preparation and presentation. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of May 31, 2009. In making the assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on its assessment, management concluded that, as of May 31, 2009, the Company’s internal control over financial reporting was not effective and that material weaknesses in ICFR existed as more fully described below.

As defined by Auditing Standard No. 5, “An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements and Related Independence Rule and Conforming Amendments,” established by the Public Company Accounting Oversight Board (“PCAOB”), a material weakness is a deficiency or combination of deficiencies that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. In connection with the assessment described above, management identified the following control deficiencies that represent material weaknesses as of May 31, 2009:

1. Lack of an independent audit committee due to the fact that we have only one independent director. We do not have sufficient members of the Board who are independent directors and therefore we do not have an audit committee. These factors may be counter to corporate governance practices as defined by the various stock exchanges and may lead to less supervision over management;

2. Outsourcing of the accounting operations of our Company. Because there are no employees in our administration, we have outsourced all of our accounting functions to an independent firm. The employees of this firm are managed by supervisors within the outsource firm and are not answerable to the Company's management. This is a material weakness because it could result in a disjunction between the accounting policies adopted by our Board of Directors and the accounting practices applied by the firm;

3. Insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

Changes in Internal Control over Financial Reporting

As of May 31, 2009, management assessed the effectiveness of our internal control over financial reporting and based on that evaluation, they concluded that during the quarter ended and to date, the internal controls and procedures were not effective due to deficiencies that existed in the design or operation of our internal controls over financial reporting. However, management believes these weaknesses did not have an effect on our financial results. During the course of their evaluation, we did not discover any fraud involving management or any other personnel who play a significant role in our disclosure controls and procedures or internal controls over financial reporting.

Due to a lack of financial and personnel resources, we are not able to, and do not intend to, immediately take any action to remediate these material weaknesses. We will not be able to do so until, if ever, we acquire sufficient financing and staff to do so. We will implement further controls as circumstances, cash flow, and working capital permit. Notwithstanding the assessment that our ICFR was not effective and that there were material weaknesses as identified in this report, we believe that our financial statements contained in our Quarterly Report on Form 10-Q for the period ended May 31, 2009, fairly present our financial position, results of operations and cash flows for the periods covered thereby in all material respects.

Management believes that the material weaknesses set forth above were the result of the scale of our operations and are intrinsic to our small size. Management believes these weaknesses did not have an effect on our financial results.

We are committed to improving our financial organization. As part of this commitment, we will, as soon as funds are available to the Company (1) appoint outside directors to our board of directors sufficient to form an audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures; (2) create a position to segregate duties consistent with control objectives and to increase our personnel resources. We will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements as necessary and as funds allow.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this quarterly report.

There were no changes in our internal control over financial reporting during the quarter ended May 31, 2009, 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

The Company is not a party to any legal proceedings and is not aware of any pending legal proceedings as of the date of this Form 10-Q.

ITEM 1A. RISK FACTORS

Not Applicable

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the three month period ending May 31, 2009.

Use of Proceeds from First Registration Statement

On August 13, 2008 our Registration Statement on Form S-1 under Commission file number 333-151228 was declared effective, enabling us to offer up to 1,500,000 shares of common stock of our company at a price of \$0.10 per share. On November 12, 2008 we accepted subscriptions for the entire offering from 47 investors, raising a total of \$150,000. No commissions were paid on any of the above issuance. As of the date of this filing, there are 2,800,000 issued and outstanding shares of common stock of which 300,000 shares are held by our officers and directors.

Following is the use of proceeds for actual expenses incurred for our account from August 13, 2008 to May 31, 2009 in connection with the issuance and distribution of the securities. Proceeds used were both from existing working capital and from the funds raised under the offering, with \$26,200 being settled from working capital on hand, and the balance from offering proceeds:

| Expense | Amount of direct or indirect payments to directors, officers, general partners, 10% shareholders or affiliates of the Issuer \$ | Amount of direct or indirect payments to others \$ |
|---------------------------|---|---|
| Transfer agent | 0 | 0 |
| Legal and Accounting | 0 | 13,200 |
| Costs of the offering | 0 | 25,000 |
| Office and Administration | 0 | 0 |
| Total | 0 | 38,200 |

Following is a table detailing the use of net offering proceeds of \$138,000 after deduction of funds paid from offering proceeds in connection with the costs of the offering.

| Expenses | Amount of direct or indirect payments to directors, officers, general partners, 10% shareholders or affiliates of the Issuer \$ | Amount of direct or indirect payments to others \$ |
|--|---|---|
| Exploration and development activities | 0 | 0 |
| Legal and Accounting | 0 | 17,585 |
| Consulting | 0 | 2,164 |
| Office Furniture, Equipment and Supplies | 0 | 0 |
| Miscellaneous Administration Expenses | 0 | 2,354 |
| TOTAL | 0 | 22,103 |

The proceeds from our offering are to be used to fund our operations as described in the S-1 offering document incorporated for reference herein.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company does not have any senior securities as of the date of this Form 10-Q.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

The Company has finalized its submission to the market maker who is applying on our behalf for quotation of securities on the Over the Counter Bulletin Board.

ITEM 6. EXHIBITS

Number Description

- | | | |
|------|---|---|
| 3.1 | Articles of Incorporation. | Incorporated by reference to the Exhibits attached to the Corporation's Form S-1 filed with the SEC on May 29, 2008 |
| 3.2 | Bylaws. | Incorporated by reference to the Exhibits attached to the Corporation's Form S-1 filed with the SEC on May 29, 2008 |
| 5 | Legal Opinion | Incorporated by reference to the Exhibits attached to the Corporation's Form S-1 filed with the SEC on May 29, 2008 |
| 10.1 | Farm-Out Agreement dated July 9, 2007 between Dar Energy Inc. and SLAP, Inc. | Incorporated by reference to the Exhibits attached to the Corporation's Form S-1 filed with the SEC on May 29, 2008 |
| 31.1 | Section 302 Certification - Principal Executive Officer | Filed herewith |
| 31.2 | Section 302 Certification - Principal Financial Officer | Filed herewith |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |

SIGNATURES

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

SLAP, Inc.

Date: 17/s/ David Wehrhahn
June, 2009

Name: David Wehrhahn
Title: President/CEO,
Principal Executive Officer

Date: 17/s/ Kelly Warrack
June, 2009

Name: Kelly Warrack
Title: CFO, Principal
Financial Officer

