

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2007

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

For the transition period from \_\_\_\_\_ to  
\_\_\_\_\_

Commission file number \_\_\_\_\_

**Pawfect Foods, Inc**

(Exact name of small business issuer as specified in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

**20-3823853**

(IRS Employer Identification No.)

**1325 S Congress Ave., Boynton Beach, Florida 33426**

(Address of principal executive offices)

**954-801-3950**

(Issuer's telephone number)

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(Former name, former address and former fiscal year, if changed since last report)

**PAWPECT FOODS, INC.**

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

BALANCE SHEET

MARCH 31, 2007

UNAUDITED

ASSETS

Current Assets

Cash \$ 1,452

Property Plant & Equipment - Net 3,162

Total Assets \$4,614

LIABILITIES AND STOCKHOLDERS EQUITY(DEFICIENCY)

Current Liabilities

Accrued Expenses \$5,000

Stockholders' Equity

Common Stock, \$.0001 par value; 50,000,000 authorized  
2,181,000 issued and outstanding 2,181

Additional Paid in Capital 17,919

Accumulated Deficit during Development Stage (20,486)

Total Stockholders' Equity (Deficiency) (386)

Total Liabilities and Stockholders' Equity \$ 4,614

See accompanying notes to financial statements.

**PAWFECT FOODS, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**STATEMENT OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006**  
**AND CUMULATIVELY FROM NOVEMBER 15, 2005 (INCEPTION) to MARCH 31, 2007**  
  
(unaudited)

	Three Months March 31 <u>2007</u>	Ended <u>2006</u>	November 15, 2005 (Inception) to March 31, <u>2007</u>
<b>Revenue</b>	\$ -	\$ -	\$ -
<b>Operating Expenses</b>	<u>268</u>	<u>4,162</u>	<u>20,486</u>
<b>Net Income (Loss)</b>	<u>\$ (268)</u>	<u>\$ (4,162)</u>	<u>\$ (20,486)</u>
 <b>Net Income (Loss) per Common Shares Outstanding - Basic and Diluted</b>	 \$ (0.00)	 \$ (0.00)	 \$ (0.01)

<b>Weighted Average of Shares Outstanding</b>	2,181,000	2,181,000	2,170,944
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See accompanying notes to financial statements

**PAWFECT FOODS, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007 and 2006**  
**AND CUMULATIVELY FROM NOVEMBER 15, 2005 (INCEPTION) to MARCH 31, 2007**  
**(unaudited)**

	Three Months	Ended	
	March	31	November 15, 2005 (Inception) to March 31, <u>2007</u>
	<u>2007</u>	<u>2006</u>	
Cash Flows form Operations:			

Net Income (Loss)	\$ (268)	\$ (4,162)	\$ (20,486)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	168		224
Changes in operating liabilities:			
Increase (decrease) in accrued liabilities			5,000
Net Cash (used) by Operating Activities	(100)	(4,162)	(15,262)
Cash Flow from Financing Activities:			
Purchase of Fixed Assets			(3,386)
Net Cash (used) by Investing Activities	-	-	(3,386)
Cash Flow from Financing Activities			
Issuance of Common Stock to Founder	-	-	2,000
Issuance of Common Stock for Cash	-	-	18,100
Net Cash Provided by Financing Activities	-	-	20,100
Net Increase (Decrease) in Cash	(100)	(4,162)	1,452
Cash, Beginning	1,552	20,084	-
Cash, Ending	1,452	15,922	1,452

Supplemental Disclosure:			
Interest Paid	\$ -	\$ -	\$ -
Taxes Paid	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**PAWFECT FOODS, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations**

The Company was organized under the laws of the State of Florida on November 15, 2005.

The Company is in the development stage. The Company plans to develop a distribution channel in the pet food industry selling a comprehensive supply of products utilizing the World Wide Web. The Company currently has no operations.

**Development Stage**

The Company is in its development stage. The Company since inception (November 15, 2005) has not commenced its full operations, nor has generated sufficient working capital to pursue its business objectives. The accumulated deficit during its development stage is \$20,486 at March 31, 2007.

**Basis of Accounting**

The Company's policy is to prepare its financial statements using the accrual basis of accounting in accordance with generally accepted accounting principles. The Company has retained December 31 as its annual year end.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2007

Use 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 and liabilities, the 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 those estimates.

Cash and equivalent

Cash and cash equivalent include cash and cash in banks. The company maintains cash and cash equivalent balances at a financial institution that is insured by the federal deposit Insurance Corporations up to \$100,000. At December 31, 2006, there is no concentration of credit risk form uninsured bank balances.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on the straight-line method, based on the estimated useful lives of the assets of generally five or ten years. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense was \$56 for the year ended December 31, 2006 and \$0 for year ended December 31, 2005.

Recent Accounting Pronouncements

In September, the FASB issued SFAS No. 157 *Fair Value Measurements* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements, SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes: An interpretation of FASB Statement No. 109* ("FIN No. 48"). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial

PAWFECT FOODS, INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

statements in accordance with SFAS No. 109. FIN No. 48 prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or

expected to be taken on a tax return. This interpretation is effective for fiscal years beginning after December 15, 2006.

In February 2007, the FASB issued SFAS No., 159, The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment to FASB Statements No. 115 ("SFAS No. 159"), SFAS No. 159 permits entities to choose to measure many financial instruments, and certain other items, at fair value that are not currently required to be measured at fair value, SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007, however early adoption is permitted.

Management does not believe that any of the recent issued accounting pronouncements will be applicable to the Company

## **NOTE 2 Income Taxes**

In February 1992, the Financial Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". Under SFAS No. 109, deferred assets and liabilities are recognized for the estimated future tax consequences between the financial statement carrying amounts of the existing assets and their respective basis.

Deferred assets and liabilities are measured using enacted tax rates in effect for the year in which temporary differences are expected to be recorded or settled. Under SFAS No. 109 the effect on deferred assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

As of December 31, 2006, the Company had net operating losses (NOL's) of approximately \$20,218 that expire in 15 years commencing in 2007.

Statutory federal income taxes	34%
Valuation allowance	(34)
Effective tax rate	0%

No tax benefit is being accrued due to no current expectation of profits

**PAWFECT FOODS, INC.**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2007**

## **NOTE 3 CAPITAL TRANSACTIONS**

At inception November 15, 2005, 2,000,000 shares of common stock were sold to the founder for \$2,000 cash.

In December 2005, the Company offered 181,000 shares of their common stock under Rule 504 of Regulation D and section 4 (2) of the

**Securities Act. The Common shares were offered at a per share price of \$.10 for the aggregate sum of \$18,100. All of the thirty two (32) investors were of non-accredited status**

## **Item 2. Management's Discussion and Analysis or Plan of Operation**

**The Pawfect Foods, Inc.'s business is to become actively engaged in providing an online marketplace for premium and holistic pet food, via the Internet. Currently we have obtained a domain name called [www.Pawfectfoods.com](http://www.Pawfectfoods.com). We have also obtained a web hosting provider, to provide us with the necessary disk space capacity for our website and email capability for the next 12 months. We have also posted our nearly completed e-commerce website, to introduce ourselves to potential customers with a modest array of introductory products. During the next twelve months we plan to satisfy our cash requirement by current cash on hand.**

## **Item 3. Controls and Procedures**

**In the quarter ended March 31, 2007, we did not make any significant changes in, nor take any corrective actions regarding, our internal controls or other factors that could significantly affect these controls. We periodically review our internal controls for effectiveness and we plan to conduct an evaluation of our disclosure controls and procedures each quarter.**

## **Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Document Description</b>
<b>32</b>	Certificate of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-15(e) and 15d-15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<b>31</b>	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to Section 18 U.S.C. Section 1350

## SIGNATURES

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

/s/ Charles Monahan  
(Registrant)

Date: May 11, 2007

/s/ Charles  
Monahan  
(Signature)\*

Charles Monahan,  
President

**CERTIFICATION**

SECTION 302 CERTIFICATION

**CERTIFICATION OF CEO PURSUANT TO RULES 13a-15(e) and 15d-15(e) OF THE SECURITIES EXCHANGE**

**ACT OF 1934, AS ADOPTED PURSUANT**

**TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles Monahan, President, CEO and CFO of Pawfect Foods, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Pawfect Foods, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

May 11, 2007

/s/ Charles Monahan

Charles Monahan

President, CEO & CFO



**Certification of Chief Executive Officer and Chief Financial Officer Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-QSB of Pawfect Foods, Inc. (the "Company") for the quarter ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Charles Monahan, as Chief Executive Officer and as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, respectively, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 11, 2007

By Charles Monahan

/s/ Charles Monahan

President, CEO, CFO

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Pawfect Foods, Inc. and will be retained by Pawfect Foods, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.