Annual Report

Year Ended May 31, 2012

YIPPY, Inc.
(a Nevada Corporation)

Current Trading Symbol: **YIPI.PK**

CUSIP Number: **98584Y103** Tax ID Number: **98-0585450**

WE PREVIOSLY WERE A SHELL COMPANY AND ARE NOT CURRENTLY A REPORTING COMPANY AS THAT TERM IS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND THEREFORE, THE EXEMPTION OFFERED PURSUANT TO RULE 144 IS NOT CURRENTLY AVAILABLE. ANYONE WHO PURCHASED SECURITIES DIRECTLY OR INDIRECTLY FROM US OR ANY OF OUR AFFILIATES IN A TRANSACTION OR CHAIN OF TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING CANNOT SELL SUCH SECURITIES IN AN OPEN MARKET TRANSACTION.

PART A – GENERAL COMPANY INFORMATION

Item 1. The Exact Name of the Issuer and its Predecessor.

- Yippy, Inc., a Nevada corporation (hereinafter referred to as the "Company" or "Yippy").

- Formerly Cinnabar Ventures, Inc. until April 2010 (Certificate of Amendment to the Company's Articles of Incorporation filed with the Nevada Secretary of State on April 15, 2010, as filed with the United States Securities and Exchange Commission (the "SEC") as Exhibit 3.1 to the Company's Current Report on Form 8-K on May 10, 2010).

Item 2. The Address of the Issuer's Principal Executive Offices.

Yippy, Inc.
17595 S. Tamiami Trail, Suite 300
Fort Myers, FL 33908
Phone Number: 877-947-7901
Fax Number: 239-432-9870
Email: info@yippyinc.com
Website: www.yippy.com

Item 3. The Jurisdiction and Date of the Issuer's Incorporation or Organization.

The Company was originally organized under the corporate laws of the State of Nevada on May 24, 2006.

PART B – SHARE STRUCTURE

Item 4. The Exact Title and Class of Securities Outstanding.

Class of Securities: Common
CUSIP Number: 9858Y103
Trading Symbol: YIPI.PK

Item 5. Par or Stated Value and Description of the Security.

A. Par or Stated Value

Common Stock, par value $0.001 per share

B. Description of Common Stock

The holders of shares of common stock have no subscription, redemption, subscription, sinking fund or conversion rights. In addition, the holders of shares of common stock have no preemptive rights to maintain their percentage of ownership in future offerings or sales of our stock. The holders of shares of common stock have one vote per share in all elections of directors and on all other matters submitted to a vote of our stockholders. The holders of common stock are entitled to ratably receive dividends, if any, as and when declared from time to time by our board of directors out of funds legally available therefore. Upon liquidation, dissolution or winding up of our affairs, the holders of common stock will be entitled to participate equally and ratably, in proportion to the number of shares held, in our net assets available for distribution to holders of common stock. The shares of common stock currently outstanding are fully paid and non-assessable. There is no provision in the Company's articles of incorporation or bylaws that would delay, defer, or prevent a change in control of the issuer.

Item 6. The Number of Shares of Total Amount of the Securities Outstanding for Each Class of Securities Authorized.

	PERIOD END DATE	
	May 31, 2012	**May 31, 2011**
Number of Authorized Shares	75,000,000	75,000,000
Number of Outstanding Shares	53,173,544	22,260,000
Public Float	8,040,000	4,020,000
No. of Beneficial Shareholders	1067	1033
Total No. of Shareholders of Record	187	15

Item 7. The Name and Address of the Transfer Agent.

PACIFIC STOCK TRANSFER COMPANY
4045 South Spencer Street, Suite 403
Las Vegas, NV 89119
Tel: (702) 361-3033
Fax: (702) 433-1979
E-mail: info@pacificstocktransfer.com

Pacific Stock Transfer Company is registered under the Exchange Act and is an SEC approved transfer agent, under the regulatory authority of the SEC.

PART C – BUSINESS INFORMATION

Item 8. The Nature of the Issuer's Business.

A. Business Development

1. The form of organization of the issuer.

- Yippy, Inc., a Nevada corporation.

2. The year that the issuer was organized.

- The Company was incorporated on May 24, 2006.

3. The issuer's fiscal year end date.

- May 31.

4. Whether the issuer has been in bankruptcy, receivership, or any similar proceeding.

- Neither the Company nor any of its predecessors have been in bankruptcy, receivership or any similar proceeding.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

- On January 26, 2010, the Company completed the acquisition of Yippy Soft, Inc., a Delaware corporation (formerly Yippy, Inc.) ("Yippy Soft"). On the Closing Date, the Company acquired 100% of the issued and outstanding Yippy Soft common stock from the Yippy Soft shareholders. In exchange for the Yippy Soft common stock, the Company issued 2,340,000 shares of the Company's common stock to the Yippy Soft shareholders, at such time representing approximately 10.51% of the issued and outstanding common stock of the Company. Through its acquisition of Yippy Soft, the Company acquired rights to 100% of the assets of Yippy Soft.

- On April 15, 2010, the Company changed its name from Cinnabar Ventures, Inc. to Yippy, Inc. and applied for a new CUSIP and trading symbol.

- On May 17, 2010, the Company entered into a license agreement with Vivísimo, Inc., a subsidiary of IBM, Inc. ("Vivísimo"), granting the Company a fully transferable (sale of company), perpetual, unlimited (users), non-exclusive, world-wide right to the use of "Velocity," a software information optimization platform that unifies access to secure business repositories, presents relevant information and enables knowledge sharing across an enterprise, for use in connection with computer applications currently being developed by the Company. In connection with the license agreement, the Company acquired the domain Clusty.com, a metasearch engine, and all sub-domains and scripts related thereto, pursuant to a purchase agreement. Vivísimo agreed not to compete with the Company in consumer search for a period of two years. Total consideration paid to Vivísimo under the purchase agreement and license agreement was approximately $5,550,000 (the "Acquisition Price"). The Acquisition Price included two cash payments and the issuance of two convertible promissory notes, each bearing interest at a rate of four percent (4%) per annum (together, the "Notes"). Vivísimo had the option, at the maturity of either or both of the Notes, to elect to convert the principal and interest then due into shares of the Company's common stock ("Conversion Shares") at a price of $2.00 per share. On December 5, 2011, the Company issued 5,250,000 shares of the Company's common stock to Vivísimo in consideration for the conversion of the Notes, and received an extension on the non-compete until May 16, 2013.

- On August 1, 2012, the Company entered into a share exchange agreement, by and among the Company, Yippy Labs, Inc., Macte! Labs, Inc. and the shareholders of Macte! Labs, Inc. Pursuant to the terms of the share exchange agreement, Yippy Labs, Inc. acquired 100% of the issued and outstanding shares of Macte! Labs, Inc. from the Macte! Lab, Inc. shareholders in exchange for shares of Yippy Labs, Inc. The shares of Yippy Labs, Inc. are exchangeable into shares of the Company upon the satisfaction of certain events.

6. Any default of the terms of any note, loan, lease, or other indebtedness of financing arrangement requiring the issuer to make payments.

- The Company is current on all obligations.

7. Any change of control.

- On September 9, 2009, the Company entered into a material agreement with Belmont Partners, LLC, a Virginia limited liability company ("Belmont"), by which Belmont acquired the majority of the issued and outstanding common stock of the Company. Belmont purchased Five Million (5,000,000) shares of common stock, representing approximately 78.86% of the Company's then issued and outstanding common stock.

- On October 14, 2009, Richard Granville, individually, acquired the majority of the issued and outstanding common stock of the Company from Belmont. Pursuant to the terms of the purchase agreement, Mr. Granville purchased Five Million (5,000,000) shares of common stock, representing approximately 78.86% of the Company's then issued and outstanding common stock for a total purchase price of One Hundred and Ninety Five Thousand Dollars ($195,000.00).

8. Any increase in 10% or more of the same class of outstanding equity securities.

- In September 2006, the Company issued 1,000,000 common shares, increasing the total outstanding common shares from 5,720,000 to 6,720,000.

- On January 26, 2010, the Company issued 2,340,000 shares of the Company's common stock in consideration for the acquisition of Yippy Soft.

- On December 5, 2011, the Company issued 5,250,000 shares of the Company's common stock to Vivísimo, Inc., a subsidiary of IBM, in consideration for the conversion of two promissory notes.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

- On November 5, 2009, the Company approved a 3-for-1 forward split of the Company's issued and outstanding common Stock. Immediately following the forward split, there were Nineteen Million and Twenty Thousand (19,020,000) shares of Company's common stock issued and outstanding. The forward split took effect on November 17, 2009.

- On June 2, 2011, the Company declared a 5% stock dividend for holders of record on June 27, 2011, payable on or about June 30, 2011. As a result of this dividend, the number of shares issued and outstanding as of June 30, 2011, is 23,840,629, as compared to 22,705,361 and 22,310,000 as May 31, 2011 and 2010, respectively.

- On November 5, 2011, the Company approved a 2-for-1 forward split of the Company's issued and outstanding common Stock. Immediately following the forward split, there were 52,981,876 shares of Company's common stock issued and outstanding. The forward split took effect on December 5, 2011.

- The Company has entered into a non-binding letter of intent with MuseGlobal, Inc. relating to the Company's proposed merger or acquisition of certain assets, accounts or property owned by MuseGlobal, Inc. The completion of the transaction is subject to negotiation of definitive transaction documents and certain other conditions.

- The Company has entered into a non-binding letter of intent with The Gale Group, Inc. relating to the Company's proposed acquisition of the HighBeam business segments owned by The Gale Group, Inc. The completion of the transaction is subject to negotiation of definitive transaction documents and certain other conditions.

10. Any delisting of the issuer's securities by and securities exchange or deletion from the OTC Bulletin Board.

- On September 22, 2010, the Company voluntarily filed a Form 15 under Rule 15d-6.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

- As of the current date, we are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

B. Business of Issuer

<u>Introduction</u>

Yippy, Inc. provides secure online web destinations and services such as search, email, cloud applications, storage, web browser and extensions. Yippy.com is one of the most robust, visually appealing, family friendly properties on the Internet. The Company provides a distinct approach to safe web browsing and application aggregation. Yippy creates environments around traditional family values and provides all the tools necessary for all aspects of online activities.

Our business also encompasses multiple activities culminating in the design, development and deployment of Internet properties, vertical search applications and solutions enabled through the applications services environment (ASE). Yippy holds an unlimited, worldwide license for software known as "Velocity" through Vivísimo, Inc., a subsidiary of IBM. This program allows for the creation of search-based applications quickly and efficiently. The applications services environment (ASE) includes software applications, entertainment content, advertising, datacenter infrastructure, and client support for our businesses.

Yippy also provides K-12 learning products and sophisticated custom search products to higher learning institutions. Yippy can be private labeled for educational companies, school districts and universities. Yippy's custom search products can integrate multiple federated sources from an unlimited amount of information databases. Yippy's active and passive filters written specifically for Velocity scrub search results providing a robust research information cluster on topic and devoid of objectionable material. Additional active filters were recently created to override all major browsers through extension technologies.

1. Indicate the issuer's primary and secondary SIC codes.

- Primary: 7372 (Prepackaged software)

- Secondary: Not applicable.

2. If the issuer has never conducted operations, is in the development state or is currently conducting operations.

- The Company is currently conducting operations.

3. Whether the issuer is or has at any time been a "shell company".

- The Issuer is currently not considered to be a shell company, however, the Company was previously deemed to be a shell company prior to the acquisition of Yippy Soft (see legend on cover page).

4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement.

- Yippy Soft, Inc., a Delaware corporation, 100% owned subsidiary; and

- Yippy Labs, Inc., a British Columbia corporation, 100% owned subsidiary.

5. The effect of the existing or probable governmental regulations on the business.

- Not applicable because the Company does not operate in a regulated business as of the date of the document.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers

- Approximately Seven Hundred and Twenty Four Thousand Dollars ($724,000) has been spent on product research and development ("R&D") activities, including consulting fees, during the prior two fiscal years. These R&D activities included the completion of specific code sets and databases needed to run the Yippy and the application services environment that have been memorialized as an expense in the financial statements.

7. Costs and effects of compliance with environmental laws (federal, state and local).

- None.

8. The number of total employees and number of full-time employees.

- The Company, including its operating subsidiaries, currently has 22 employees who are employed on a full-time basis. The Company engages independent contractors to maximize flexibility and control expenditures.

Item 9. The Nature of Products or Services Offered.

Yippy is used primarily by schools, libraries and other higher learning institutions as a search and learning application. Yippy incorporates a family friendly search engine and browser with email, television, gaming, news, movies, social networking, streaming radio, office applications, shopping, and free cloud based storage all into its exclusive application services environments (ASE). Yippy's browser and extensions include the strongest parental/educational controls available in the industry. The combination of Yippy's application services environment and a cloud based browser and extensions has helped tremendously in the growth of the Company.

A. Principal Products or Services, and Their Markets

Yippy (YippyHUB) - i2 Cloud

The YippyHub (formally called Application Services Environments - ASE) is the foundation of the Company's online presence. Over the past three years, the Company has strived to create a virtual cloud devoid of irresponsible content, with a primary focus on the English speaking markets worldwide. Using the YippyHub as the foundation allows for the creation of virtual environments with the common thread being The Yippy Cloud. The Company's interest in the Internet market transcends that of application based businesses such as search, gaming, and social networking as these are just mere online applications.

The YippyHub in basic terms is the "Internet" through a software enabled web-based cloud. Yippy provides the online "choice". The "choice" in most cases will be based on personal or corporate morality. The Company sees a distinct need to curate the most useful destinations on the web, and remove objectionable, repetitive, and pornographic material from being accessed through the YippyHub.

This is accomplished by the ability to convert and control all major browsers post YippyHub installation. This includes Internet Explorer, Firefox, Safari, Opera and Google Chrome, which post YippyHub installation, operates as a Yippy device during web based activities by the user. This proprietary wholly owned technological breakthrough allows Yippy control of the "Internet" at the device level. Management believes there is a very large need for device management for children, moral adults and business owners. The YippyHub fills that void through a highly respected software program designed since inception for the purpose of providing that kind of control to the user.

YippyHub functionality includes but not limited to the following:

- Client-Server Interactions
- Auto Authentication
- Data Storage
- Calculations of any Type
- Detailed Analytics
- "Federation" of Content
- Social Software in the Workplace
- Real-Time Curated Content/Filtering
- Real-Time YippyHub Customizations
- Database Bridge and Connectors
- Business Intelligence
- "Federated" Search
- Enterprise Content Management
- E-Discovery
- Curated Social Platforms
- Big Data Integration Tools
- Unlimited Web-based Applications

The YippyHub enhances or replaces most client side programs and other equivalents. Another advantage to this technology is that it allows user to surf the Internet and access other non-filtered content such as search engines with substantial active filters in place. The YippyHub is designed to detect objectionable sites on click. YippyHub takes advantage of the latest web technologies and internal developed software to create content rich, visually appealing interfaces for consumers and businesses that are fully customizable.

Yippy Search Engine

Yippy's search application, formerly known as Clusty, got its start in Pittsburgh, PA, in 2004, when the search software company Vivísimo decided to take its award-winning search technology to the web. Vivísimo was founded in 2000, by three Carnegie Mellon University scientists who decided to tackle the problem of information overload in web searches. Rather than focusing just on search engine result rankings, they realized that grouping results into topics, or "clouds," made for better search and discovery. As searching became a necessity for web users, Vivísimo developed a service robust enough to handle the variety of information the everyday web user was after. The result was Clusty, an innovative way to get more out of every search. Clusty was acquired by Yippy in May 2010.

Yippy queries several top search engines and research sites combining the results, and generates an ordered list based on comparative ranking. This approach helps raise the best results to the top and push search engine spam to the bottom. What really makes Yippy unique is what happens after a user searches. Instead of delivering only search results, Yippy search groups similar results together into "Clouds" or clusters. The Clouds help separate search results by topic so the searcher can zero in on exactly what they are searching for. This is especially useful for students of all ages.

Yippy allows students to access normally blocked search keywords such as "breasts" or "sexual health", as examples, without generating pornographic results and allows access to websites that are blocked by "dumb" software/hardware giving educators more time to teach and less time overriding other K-12 protective programs. This is enhanced by Yippy's access to non-public information repositories that provide access to thousands of periodicals, magazines, newspapers, books, articles, journals not available on any other search engines and combining with the best of the web.

Yippy Federated Search (Data as a Service)

Yippy subscribers can identify infinite items of interest, tailored specifically to their specifications, and have access to multiple sources of information that are not connected from a single point of access. Yippy bridges the gap between traditional and enterprise search, social networks, news feeds, and other content sources through a web-based cloud architecture. Yippy does the heavy lifting, saving time, money and personnel requirements by offering curated content in all forms, delivered through a single point of access.

B. Distribution Methods of the Products or Services

The Company's products are direct distributed online via web properties and through partnership programs.

C. Status of any Publicly Announced New Product or Service

Other than as disclosed in Section 8(A)(9) of Part C above, the Company does not have any new product or services that have been publicly announced.

D. Competitive Business Conditions, the Issuer's Competitive Position in the Industry, and Methods of Competition.

Key Competitive Advantages

- Yippy operates at a fraction of the cost of traditional web companies;

- Scalable growth achieved by modular design;

- Automated systems that require minimal human interface;

- System ASE (Application Services Environment) – operator master control allows for access to systems including advertising – search – sources - user interface – email & storage controls;

- ASE allows for quick spin up of clones in hours not days or weeks for educational institutions or businesses;

- Controls the internet gateway, control student activity;

- Safe browser extensions;

- The workspace tool for students, educators, library users, home computers and mobile devices supports ease of access;

- End to End support for search and features for classroom & business needs; and

- Create the marketplace for all educational providers & electronic devices used in the educational field.

Growth Strategies for YippyHub

The following depicts the areas that the company is most focused on going forward:

<u>Mobile</u>

1) Filtered Applications/Extensions for iOS and Android Smart Phones;
2) Filtered Applications/Extensions for iOS and Android Tablets; and

Overall Market Place

Yippy's unique blend of abilities puts the Company into a very small group of companies that offer like and kind services.

E. Sources and Availability of Raw Materials and the Names of Principal Suppliers.

The Company does not use raw materials in its current business model.

F. Dependence on One or a Few Major Customers.

The Company is not dependent on any one client or customer as it seeks a worldwide user base comprised of individuals and their respective families.

G. Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts, Including Their Duration.

All Intellectual property is current, protected and registered with all applicable state and government agencies.

Intellectual Property Type	Description	USPTO Serial No.	Filing Date	Status
Word Mark	"YIPPY"	77936102	February 15, 2010	Current
Word Mark	"Welcome to the Cloud"	77871643	November 12, 2009	Current
Word Mark	Y! (logo)	77936091	February 15, 2010	Current

H. The Need for Any Government Approval of Principal Products or Services and the Status of Any Requested Government Approvals.

The Company does not require government approval for its business model.

Item 10. The Nature and Extent of the Issuer's Facilities.

The Company does not currently own any facility. The Company currently maintains a leased administrative office in Fort Myers, Florida. The facility is located at 17595 S. Tamiami Trail, Suite 300, Fort Myers, Florida 33908, in the Sea Tech Center. The modern building is on fiber and the Company suite is 1,500 sq. ft. with 6 offices, reception area, conference room and open development space. The office is fully furnished with modern furnishing purchased new in 2010. The Company purchased all necessary equipment for business operations in 2010. The current term of the lease is for 12 months and it expires on September 30, 2012. The monthly rent is $1060.00. The Company has the option to renew the lease for additional 12-month periods.

PART D – MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item 11. The Name of the Chief Executive Officer, Members of the Board of Directors, as well as Control Persons.

A. Officers and Directors

The following table and text sets forth the names and ages of all our directors and executive officers and our key management personnel as of September 20, 2012. All of our directors serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. Executive officers serve at the discretion of the board of directors, and are elected or appointed to serve until the next board of directors meeting following the annual meeting of stockholders. Also provided is a brief description of the business experience of each director and executive officer and the key management personnel and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

Name	**Age**	**Position**
Richard Granville	43	Chief Executive Officer, Chairman
Morton Fink	79	Director
Debbie Sharken	42	Director
Edward Noel	45	Director

Richard Granville, age 43, Chief Executive Officer, Chairman of the Board of Directors

1. Full name

Mr. Richard Granville

2. Business address

17595 S. Tamiami Trl., #300 Fort Myers, Florida 33908

3. Employment history

Mr. Granville, age 43, has over twenty years' experience in new technology development, sales and marketing experience. From November 2008 to present, Mr. Granville has served as the Managing Partner of Yippy Partnership Group and now is the Chief Executive Officer of Yippy, Inc. From November 2006 to September 2008, Mr. Granville served as Chief Executive Officer of Jack9 Entertainment, Inc ("Jack9"). Jack9 was one of the most successful IPTV units online and under Mr. Granville's direction, achieved a top 250 web property. From March 2003 to October 2006, Mr. Granville served as President of Southpaw, Inc., a Florida building contractor that served central Florida for residential and light commercial construction. From June 2001 to March 2003, Mr. Granville served as President of Granville Management Services, where he helped small emerging businesses in the "green" technologies sector. Mr. Granville invested time and capital into green home technology and automation, alternative energy research and grid management in the United States, Dominican Republic, Canada and Mexico.

From 1998 to 2000, Mr. Granville also served as the Chairman and Chief Executive Officer of

Grace Development, Inc., a public telecommunications company serving customers in the southeast. Mr. Granville took the company to nearly a billion dollar market cap before he was succeeded by Ben Holcomb the former President of Bell South International in Feb. 2000. Prior to Grace Development, Mr. Granville held multiple management positions for public companies and also served honorably in the United States Navy in Aviation.

4. Board memberships and other affiliations

None.

5. Compensation by the issuer

Mr. Granville received no significant compensation from the Company in 2011 and 2010 and currently operates the business without an employment contract.

6. Number and class of the issuer’s securities beneficially owned by each such person

34,776,000 Common Shares

Morton Fink, age 79, Director

1. Full name

Morton Fink

2. Business address

17595 S. Tamiami Trl., #300 Fort Myers, Florida 33908

3. Employment history

Mr. Fink’s distinguished career has included executive management positions in the media, broadcast, cable and electronics industries. His experience provides a unique combination of management, leadership, and entrepreneurial skills. Mr. Fink was the founding CEO of Warner Home Video; his efforts drove Warner's dominant worldwide market share.

As Senior Vice President of Sony Corporation of America, he launched Betamax, established Sony Broadcast and the U.S. Technology Center. As Executive VP of United Satellite Communications, Mr. Fink developed marketing, sales and distribution strategies and managed satellite and ground operations as well as customer service for the first DBS entertainment start-up. Mr. Fink also served as the President of Cablevision's Home Video Division, and as Vice President of the CBS Comtec Group.

Currently, he consults for the Office of the Chairman at Cablevision System Corporation, working with a small team, hand-in-hand with the Founder and Chairman of the company, Charles Dolan. There, he analyzes and evaluates opportunities to take the core competencies of the corporation to areas outside the Company’s current cable footprint domestically and internationally. He also analyzes and evaluates investment opportunities in Emerging Global, Ethnic and IPTV Ventures. Mr. Fink holds a BS in Business Administration from New York University.

4. Board memberships and other affiliations

None

5. Compensation by the issuer

Mr. Fink received 250,000 common stock purchase warrants in connection with his appointment to the Company’s board of directors for 2012.

6. Number and class of the issuer’s securities beneficially owned by each such person

250,000 common stock purchase warrants.

Debbie Sharken, age 42, Director

1. Full name

Debbie Sharken

2. Business address

17595 S. Tamiami Trl., #300 Fort Myers, Florida 33908

3. Employment history

For almost 20 years, Ms. Sharken has been an expert in consumer direct marketing, relationship marketing, and advertising. She has honed her skills at top-notch agencies like McCann Relationship Marketing, Grey Direct, and Saatchi & Saatchi Wellness. Ms. Sharken has built her career on her abilities to create strategic, customized marketing campaigns that develop lasting relationships between brands and their customers. She has extensive experience across all marketing channels and disciplines, including a deep expertise in building digital businesses. Ms. Sharken is currently the Chief Marketing Officer at the Direct Marketing Association and is helping to lead the organization and its members meet the challenges of today's marketplace. She holds a BS in Advertising from Syracuse University.

4. Board memberships and other affiliations

None.

5. Compensation by the issuer

Ms. Sharken received 250,000 common stock purchase warrants in connection with his appointment to the Company's board of directors for 2012.

6. Number and class of the issuer's securities beneficially owned by each such person

250,000 common stock purchase warrants.

Edward G. Noel, age 45, Director

1. Full name

Edward G. Noel

2. Business address

17595 S. Tamiami Trl., #300 Fort Myers, Florida 33908

3. Employment history

Mr. Noel, has over fifteen years business experience working in the Internet industry, including relative expertise in the areas of strategy, business development, search product management, mergers & acquisitions, ad sales and marketing. Currently, Mr. Noel serves as the Chief Revenue Officer of Alphabird, Inc., a position he has held since May 2012. From November 2011 until May 2012, Mr. Noel served as Founder and Chief Executive Officer of Mustard Seed Ventures, Inc. From February 1999 to November 2011, Mr. Noel served as Chief Revenue Officer / Chief Strategy Officer of Lycos, Inc. Mr. Noel was instrumental in crafting the corporate strategy for Lycos, which led it to its first profitable year in 2009. He was also the lead negotiator for the subsequent sale of Lycos to Ybrant Digital in 2010. From 1995 to 1999, Mr. Noel worked in the public accounting industry for both Price Waterhouse and KPMG, with a focus on companies in the Internet industry. Prior to 1995, Mr. Noel served honorably in the United States Marine Corps.

4. Board memberships and other affiliations

None

5. Compensation by the issuer

Mr. Noel received 250,000 common stock purchase warrants in connection with his appointment to the Company's board of directors for 2012.

6. Number and class of the issuer's securities beneficially owned by each such person

250,000 common stock purchase warrants.

B. Legal/Disciplinary History

During the past five years, none of the Company's officers or directors have been the subject of:

(1) A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

(2) The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court or competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

(3) A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which fining or judgment has not been reversed, suspended or vacated; or

(4) The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Disclosure of Certain Family Relationships.

There are no family relationships among the Company's directors, officers, or beneficial owners of more than five percent (5%) of the issuer's common stock.

D. Disclosure of Related Party Transactions.

On January 26, 2010, the Company issued 2,340,000 shares of its common stock in exchange for 100% of the issued and outstanding stock of Yippy Soft, Inc. At the time of the transaction, Mr. Granville was the Chief Executive Officer of both companies.

E. Disclosure of Conflicts of Interest

There are no conflicts of interest with any of the officers' or directors' personal or professional interests.

Item 12. Financial Information for the Issuer's Most Recent Fiscal Period.

The audited financials for the years ended May 31, 2012, are included at the end of this Annual Report. Such financial statements are incorporated by reference herein.

Item 13. Similar Financial Information for Such Part of the Two Preceding Fiscal Years as the Issuer or Predecessor has been in Existence.

The audited financials for the years ended May 31, 2011 and 2010, respectively, are filed in the Company's Annual Report for the fiscal year ended May 31, 2011, filed with the OTCQX on

April 4, 2012, and are incorporated by reference herein.

Item 14. Beneficial Owners

The following table presents information concerning the beneficial ownership of the shares of our common stock as of September 20, 2012, by: (i) each of our named executive officers and current directors, (ii) all of our current executive officers and directors as a group and (iii) each person we know to be the beneficial owner of 5% of more of our outstanding shares of common stock. Unless otherwise specified, the address of each beneficial owner listed in the table is c/o Yippy, Inc., 17595 S. Tamiami Trail, Suite 300, Fort Myers, FL 33908.

Name	**Current Share Ownership**	**Percent of Class (1)**	**Total Beneficial Ownership**	**Percent of Class (2)**
Richard Granville Chief Executive Officer, Chairman	34,776,000	61.2%	35,026,000 (3)	61.33%
Morton Fink Director	0	0%	250,000 (4)	*%
Debbie Sharken Director	0	0%	250,000 (4)	*%
Edward Noel Director	0	0%	250,000 (4)	*%
All directors and officers as a Group (4 persons)	34,776,000	61.2%	35,776,000	61.83%
Vivísimo, Inc. (a subsidiary of IBM, Inc.)	5,250,000	9.2%	5,250,000	9.1%
All directors, officers and 5% holders as a Group (5 persons)	40,026,000	70.39%	41,026,000	65.01%

* denotes less than 1%

(1) Based on 56,861,044 shares outstanding as of September 20, 2012.

(2) Based on a total of (i) 56,861,044 shares outstanding as of September 20, 2012, and (ii) 1,000,000 common stock purchase warrants outstanding as of September 20, 2012.

(3) Richard Granville is the current owner of 34,776,000 shares of the Company's common stock by virtue of his direct ownership of 23,184,000 shares and his

control of entities that directly own 11,592,000. In addition, Mr. Granville is the beneficial owner of 35,026,000 by virtue of his aforementioned current ownership and his beneficial ownership of common stock purchase warrant to purchase 250,000 shares of the Company's common stock.

(4) Mr. Fink, Mr. Noel and Ms. Sharken do not directly own any common stock of the Company. Each is the beneficial owner of 250,000 shares of the Company's common stock by virtue of common stock purchase warrants to purchase 250,000 shares of the Company's common stock.

Item 15. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure.

1. Investment Banker

Aegis Capital Corp.
810 7th Avenue
11th Floor
New York, NY 10019
Tel.: (212) 813-1010
www.aegiscap.com

2. Promoters.

None.

3. Counsel

Lucosky Brookman LLP
33 Wood Avenue South
6th Floor
Iselin, NJ 08830
Tel.: (732) 395-4400
Fax: (732) 395-4401
www.lucbro.com

Westerman Ball Ederer Miller & Sharfstein, LLP
1021 RXR Plaz
Uniondale, NY 11556
Tel.: (516) 622-9200
Fax: (516) 622-9212
www.westermanllp.com

Greene, Fidler & Chaplan LLP
2719 Wilshire Blvd., Suite 200
Santa Monica, CA 90403
Tel.: (310) 315-1700
Fax: (310) 315-1701
www.gfcllp.com

4. Accountant or Auditor

Accountant:

Clear Financial Solutions, Inc.
710 N. Post Oak Rd., Suite 410
Houston, TX 77096
Tel.: (713) 780-0806
Fax: (800) 861-1175

Auditor:

LBB and Associates
10260 Westheimer Road, Suite 310
Houston, TX 77042
Tel.: (713) 800-4343
Fax: (713) 583-2263

www.clearfinancials.com www.lbbcpa.com

5. Public Relations Consultant.

None.

6. Investor Relations Consultant.

None.

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

None.

Item 16. Management's Discussion and Analysis or Plan of Operation.

Forward-Looking Information

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this Annual Report. Various statements have been made in this Report that may constitute "forward looking statements." Forward-looking statements may also be made in Yippy's other reports filed with or furnished to the United States Securities and Exchange Commission or the OTC Markets, and in other documents. In addition, from time to time, Yippy, through its management, may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely" and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Yippy undertakes no obligation to update or revise any forward-looking statements.

Plan of Operation

The Company currently has several potential acquisition and partnership opportunities that are in different stages of development. Each represents a potential role in the future business of Yippy. Over the last 12 months the Company has enjoyed an increase in the value of the intellectual property held by the Company evidenced by an increase in Company's market capitalization over the same period.

The business that Yippy represents offers vast opportunities in multiple verticals including education, data as a service and consumer markets. Since inception it has always been management's goal to grow the business through internal development and strategic acquisitions of software and synergistic technology companies that add value to the intellectual property of the Company, as well as provide future revenue growth. Management will continue to assimilate more partnerships, synergistic businesses and applications under the brand of Yippy in the future.

Results of Operations

Year Ended May 31, 2011 Compared to the Year Ended May 31, 2010

Revenues

Revenues for the year ended May 31, 2012, were $66,099, compared to $45,510 for the year ended May 31, 2011, which represents an increase of $20,589. The increase was due to increased ad revenue resulting from higher number of visits during the fiscal year ended May 31, 2012.

General and Administrative Expenses

General and administrative expenses were $1,333,350 for the year ended May 31, 2012, compared to $576,586 for the year ended May 31, 2011. The increase of $756,764 is due primarily to increases in stock based compensation of $170,132, marketing and public relations costs of $241,917, advertising and promotion costs of $154,788, other development expenses of $50,000, legal fees of $65,341, professional fees of $73,930, accounting fees of $24,750 and decreases in computer and internet expenses of $28,023, consulting fees of $31,453, and insurance expense of $11,269. In addition, interest expense increased by $487,212, from $200,170 for the year ended May 31, 2011, to $687,381 for the year ended May 31, 2012, due to the higher cost of borrowing the Company experienced during this fiscal year and debt discount amortization.

During the fiscal year ended May 31, 2012, the Company entered into a series of note agreements and related warrants which resulted in a cumulative derivative liability of $1,047,853 at inception. The cumulative change in fair value of the derivative liabilities was $511,504 during the fiscal year ended May 31, 2012. The Company did not incur any derivative liabilities in the prior year.

Net Loss

The Company experienced a net loss of $3,273,894 for the year ended May 31, 2012, compared to a net los of $1,491,503 for the year ended May 31, 2011. The change in net loss of $1,782,391 is mainly due to increases in general and administrative expenses, increased interest expense and the derivative loss.

Liquidity and Capital Resources

As of May 31, 2012, the Company had net cash of $82,834.

Net cash used for operating activities for the year ended May 31, 2012, was $860,530, as compared to $234,271 for the year ended May 31, 2011. The Company finances its operations from the proceeds from debt offerings. Net cash obtained through all financing activities for the year ended May 31, 2012, was $910,815, compared to $179,917 for the year ended May 31, 2011.

The Company has an open credit line with Magna Group, LLC for $2,000,000 of which the Company has drawn $732,000 as of September 20, 2012. The Company plans to raise additional funds through joint venture partnerships, both project equity and debt financings or through future sales of our common stock and potentially restricted stock, until such time as our revenues are sufficient to meet our cost structure and financial obligations, and ultimately achieve profitable operations. Our financial statements do not include any adjustments that might result from the outcome of these uncertainties. If the Company is not successful in obtaining additional capital by the end of fiscal year 2013, it may be limited in its ability to further the development of the current product offering and to meet its financial commitments.

The Company is currently in discussions with potential financial and strategic sources of financing but no definitive agreements are in place at the time of this reporting.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

PART E – ISSUANCE HISTORY

Item 17. List of Securities Offerings and Shares Issued for Services in the Past Two Years.

On July 28, 2010, the Company issued 50,000 shares of common stock to a consultant, in exchange for services to be rendered.

In July 2011, the Company issued 10,000 shares of common stock to a former consultant as settlement of a dispute.

In November 2011, the Company issued 70,000 shares (split adjusted) of common stock as compensation to two consultants.

In December 2011, the Company issued 83,334 shares of common stock as compensation for fees to execute a Note Payable Contract.

In March 2012, the Company issued 83,334 shares of common stock as compensation for fees to place a note payable.

In May 2012, the Company issued 25,000 shares of common stock as compensation for fees to place a note payable.

PART F – EXHIBITS

Item 18. Material Contracts.

(1) Share Exchange Agreement, dated January 26, 2010, by and among Cinnabar Ventures Inc., Yippy, Inc. and the shareholders of Yippy, Inc. (as filed as Exhibit C to the Company's Initial Company Information and Disclosure Statement, filed with the OTCQX on February 9, 2011).

(2) Purchase Agreement, dated May 14, 2010, by and between Yippy, Inc. and Vivísimo, Inc. (as filed as Exhibit D to the Company's Initial Company Information and Disclosure Statement, filed with the OTCQX on February 9, 2011).

(3) Software License Agreement, dated May 14, 2010, by and between Yippy, Inc. and Vivísimo, Inc. (as filed as Exhibit G to the Company's Initial Company Information and Disclosure Statement, filed with the OTCQX on February 9, 2011).

Item 19. Articles of Incorporation and Bylaws.

(1) Articles of Incorporation, as amended (as filed as Exhibit A to the Company's Initial Company Information and Disclosure Statement, filed with the OTCQX on February 9, 2011).

(2) Bylaws (as filed as Exhibit B to the Company's Initial Company Information and Disclosure Statement, filed with the OTCQX on February 9, 2011).

Item 20. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None.

Item 21. Issuer's Certifications.

I, Richard Granville, certify that:

(1) I have reviewed this disclosure statement of Yippy, Inc.;

(2) Based on my knowledge, this disclosure statement 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 disclosure statement; and

(3) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 22, 2012

/s/ Richard Granville

Richard Granville
Chief Executive Officer
(Principal Financial Officer)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Yippy, Inc.
Ft. Meyers, Florida

We have audited the accompanying consolidated balance sheets of Yippy, Inc. (the "Company") as of May 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. 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 conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Yippy, Inc. as of May 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, the Company's absence of significant revenues, recurring losses from operations, and its need for additional financing in order to fund its projected loss in 2013 raise substantial doubt about its ability to continue as a going concern. The 2012 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ LBB & Associates Ltd., LLP

LBB & Associates Ltd., LLP

Houston, Texas
September 17, 2012

Yippy, Inc.
Consolidated Balance Sheets

	May 31, 2012	May 31, 2011 As Restated
Assets		
Current assets:		
Cash and cash equivalents	$ 82,834	$ 32,549
Accounts receivable, net	4,613	4,846
Prepaid expenses	-	245,320
Total current assets	87,447	282,715
Intangible assets:		
Software license	3,605,000	3,555,000
Tradenames, brands and domains	1,500,000	1,500,000
Total intangible assets before amortization	5,105,000	5,055,000
Less: Accumulated amortization	(1,599,691)	(791,934)
Total intangible assets	3,505,309	4,263,066
Total assets	$ 3,592,756	$ 4,545,781
Liabilities and Stockholders' Equity (Deficit)		
Liabilities:		
Accounts payable and accrued liabilities	$ 266,862	$ 231,669
Advances from related party	232,245	201,430
Convertible notes payables, net of discounts	370,834	5,000,000
Convertible notes payables - related party	485,000	-
Derivative liabilities	986,504	-
Total current liabilities	2,341,445	5,433,099
Total liabilities	2,341,445	5,433,099
Commitments		
Stockholders' equity (deficit)		
Common stock, ($0.001 par value, 75,000,000 shares authorized, 53,173,544 and 45,410,722 issued and outstanding as of May 31, 2012 and 2011, respectively)	53,174	45,411
Additional paid in capital	10,573,513	4,384,212
Accumulated deficit	(9,375,376)	(5,316,941)
Total stockholders' equity (deficit)	1,251,311	(887,318)
Total liabilities and stockholders' equity (deficit)	$ 3,592,756	$ 4,545,781

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc.
Consolidated Statements of Operations

	Years Ended May 31,	
	2012	2011
		As Restated
Revenues	$ 66,099	$ 45,510
Operating expenses		
General and administrative expense	1,333,350	576,586
Amortization expense	807,757	760,257
Total operating expenses	2,141,107	1,336,843
Loss from operations	(2,075,008)	(1,291,333)
Other (income) expense		
Interest expense	687,382	200,170
Derivative loss	511,504	-
Total other expense	1,198,886	200,170
Net loss	$ (3,273,894)	$ (1,491,503)
Net loss per common share - basic and diluted	$ (0.06)	$ (0.03)
Weighted average number of shares outstanding - basic and diluted	51,269,400	44,622,166

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc
Consolidated Statements of Stockholders' Equity (Deficit)
For the Years Ended May 31, 2012 and 2011

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity/(Deficit)
Balances, May 31, 2010	44,620,000	$ 44,620	$ 3,594,281	$ (3,825,438)	$ (186,537)
Conversion of debt to equity	790,722	791	789,931	-	790,722
Net loss	-	-	-	(1,491,503)	(1,491,503)
Balances, May 31, 2011 - restated	45,410,722	45,411	4,384,212	(5,316,941)	(887,318)
Stock dividend	2,481,154	2,481	782,060	(784,541)	-
Debt forgiveness - related party	-	-	236,981	-	236,981
Common stock issued for services	281,668	282	96,078	-	96,360
Warrants issued for services	-	-	61,272	-	61,272
Conversion of notes payable	5,000,000	5,000	5,012,910	-	5,017,910
Net loss	-	-	-	(3,273,894)	(3,273,894)
Balances, May 31, 2012	53,173,544	$ 53,174	$ 10,573,513	$ (9,375,376)	$ 1,251,311

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc.
Consolidated Statements of Cash Flows

	Years Ended May 31, 2012	Years Ended May 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (3,273,894)	$ (1,491,503)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities		
Stock-based compensation	157,632	-
Amortization of intangible assets	807,757	760,257
Amortization of debt discount on convertible notes payable	400,834	-
Derivative loss	511,504	-
Changes in Operating Assets and Liabilities		
Accounts receivable	233	(4,846)
Prepaid expenses	245,320	286,463
Accounts payable and accrued liabilities	272,174	215,358
Accounts payable - related party	17,910	-
Net Cash Used in Operating Activities	(860,530)	(234,271)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes payable - related party	511,200	179,917
Payments on convertible notes payable - related party	(26,200)	-
Proceeds from convertible notes payable	645,000	-
Payments on convertible notes payable	(250,000)	-
Related party advances	30,815	-
Net Cash Provided from Financing Activities	910,815	179,917
Net Increase (Decrease) in Cash	50,285	(54,354)
Cash - Beginning of Period	32,549	86,903
Cash - End of Period	$ 82,834	$ 32,549
SUPPLEMENTAL INFORMATION:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ 55,000	$ -
NON-CASH ACTIVITIES:		
Issuance of convertible notes payable for software license, tradenames, brands and domains	$ 50,000	$ -
Forgiveness of advances/debt - related party	$ 254,891	$ -
Conversion of convertible notes payable - related party to common stock	$ -	$ 790,722
Conversion of convertible notes payable	$ 5,000,000	$ -
Stock dividend	$ 784,541	$ -

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc.
Notes to Consolidated Financial Statements
May 31, 2012

Note 1. The Company and Summary of Significant Accounting Policies

The Company

Cinnabar Ventures, Inc. ("Cinnabar") was incorporated in the State of Nevada on May 24, 2006. Yippy, Inc. ("Yippy Delaware") was incorporated in the State of Delaware on October 6, 2009, and was renamed Yippy Soft, Inc. on April 23, 2010. On January 26, 2010, Cinnabar acquired Yippy Delaware for 4,680,000 common shares. Cinnabar has been renamed Yippy, Inc. ("Yippy" or the "Company") effective April 15, 2010.

On December 5, 2011, the Company declared a 2-for-1 forward stock split. All per share and share amounts have been restated to reflect the forward stock split in the amounts presented.

Yippy provides secure family friendly online web destinations and services such as search, browser, email, cloud applications and storage to family PC's, learning institutions and libraries.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term investments purchased with original maturities of three months or less at the date of purchase to be cash equivalents.

Intangible Assets

Intangible assets include a software license agreement acquired from an independent party. Intangible assets have a definite life and are amortized on a straight-line basis, with estimated useful lives of two to seven years. Intangible assets with a definite life are tested for impairment whenever events or circumstances indicate that the carrying amount of an asset (asset group) may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. No impairment was recognized for the years ended May 31, 2012 and 2011.

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income taxes and liabilities are determined based on the difference between financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Note 1. The Company and Summary of Significant Accounting Policies – (continued)

Revenue Recognition

Revenue is recognized when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed, and collectability of the related fee is reasonably assured.

The Company recognizes revenue from search advertising on Yippy, Inc. Search Properties. Search revenue is recognized based on "click-throughs." A "click-through" occurs when a user clicks on an advertiser's search result listing. The Company has entered into a Search and Advertising Services and Sales Agreement (the "Search Agreement") with Infospace, Inc., which provides for Infospace to be the exclusive algorithmic paid search service provider on Yippy.com and non-exclusive on other Yippy, Inc. search properties. The Company reports as revenue the 96 percent share of revenue generated from Infospaces's services on Yippy.com Property and other search sites held by the Company.

Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains allowances for bad debts. The allowance for doubtful accounts is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowances based on historical write-off experience by industry and regional economic data and historical sales returns. The Company reviews the allowance for doubtful accounts periodically. The Company does not have any significant off-balance-sheet credit exposure related to its customers.

Fair Value of Financial Instruments

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "*Fair Value Measurements and Disclosures"*, we are permitted to elect to measure financial instruments and certain other items at fair value, with the change in fair value recorded in earnings. We elected not to measure any eligible items using the fair value option. Consistent with the Fair Value Measurement Topic of the FASB ASC 820, we implemented guidelines relating to the disclosure of our methodology for periodic measurement of our assets and liabilities recorded at fair market value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

The carrying amounts of trade and other accounts receivable, trade accounts payable, accrued payroll, bonuses and team member benefits, and other accrued expenses approximate fair value because of the short maturity of those instruments.

Note 1. The Company and Summary of Significant Accounting Policies – (continued)

Derivative Instruments

In connection with the issuance of certain debt instruments, the Company may provide features allowing the debt to be convertible into shares of the Company's common stock. In these circumstances, these options may be classified as derivative liabilities, rather than as equity. Additionally, these instruments may contain embedded derivative instruments, such as embedded derivative features which in certain circumstances may be required to be bifurcated from the associated host instrument and accounting for separately as a derivative instrument liability.

The Company's derivative instrument liabilities are re-valued at the end of each reporting period, with the changes in the fair value of the liability recorded as charges or credits to income in the period in which the changes occur. For warrants and bifurcated embedded derivative features that are accounting for as derivative instrument liabilities, the Company estimates the fair value using either quoted market prices of financial instruments with similar characteristics or other valuation techniques. The valuation techniques require assumptions related to the remaining term of the instrument and risk-free rates of return, expected dividend yield, and the expected volatility of the Company's common stock over the life of the instrument. Because of the limited trading history of the Company's common stock, the Company estimates the future volatility of its common stock price based on not only the history of its stock price but also the experience of other entities considered to be comparable to the Company.

Earnings Per Share

In accordance with accounting guidance now codified as ASC Topic 260, "*Earnings per Share,*" basic earnings (loss) per share is computed by dividing net income (loss) by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected net losses for each of the years ended May 31, 2012 and 2011, the effect of considering any common stock equivalents, if outstanding, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

Marketing and Advertising Charges

The Company charges marketing and advertising costs to expense as incurred. Marketing and advertising costs amount to $279,805 and $30,643 for the years ended May 31, 2012 and 2011, respectively, and are included with general and administrative expenses in the accompanying financial statements.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements.

New Accounting Pronouncements

Management does not expect adoption of recently issued but not yet effective pronouncements to have a material impact on the Company's financial statements.

Note 2. Restatements

In March 2012, the Company concluded that its previously issued unaudited financial statements as of and for the years ended May 31, 2011 contained errors regarding the capitalization of certain assets, year-end cut-off errors and classification of assets. The Company determined certain costs should not be capitalized and has restated intangible assets (including software license, tradenames, brands and domains, and related accumulated amortization) and additional paid in capital. Additionally, due to cut-off errors, the Company has restated accounts payable and accrued liabilities and accumulated deficit. Finally, due to classification errors, the Company has reclassified certain assets, such as prepaid maintenance costs, trade names, brands and domains.

The following tables summarize the effect of corrections on the consolidated financial statements as of the year ended May 31, 2011:

	As Reported (Unaudited)	Adjustments	As Restated
Assets			
Current assets:			
Cash and cash equivalents	$ 32,549	$ -	$ 32,549
Accounts receivable, net	4,846	-	4,846
Prepaid expenses	-	245,320	245,320
Deposits	9,916	(9,916)	-
Total current assets	47,311	235,404	282,715
Intangible assets:			
Internally developed application services environment and browser	1,749,300	(1,749,300)	-
Software license	5,550,000	(1,995,000)	3,555,000
Tradenames, brands and domains	-	1,500,000	1,500,000
	7,299,300	(2,244,300)	5,055,000
Less: accumulated amortization	(2,433,100)	1,641,166	(791,934)
Total intangible assets	4,866,200	(603,134)	4,263,066
Total assets	$ 4,913,511	$ (367,730)	$ 4,545,781
Liabilities:			
Accounts payable and accrued liabilities	$ 531,294	$ (299,625)	$ 231,669
Advances from related party	-	201,430	201,430
Convertible notes payable	-	5,000,000	5,000,000
Convertible notes payable - related party	59,216	(59,216)	-
Total current liabilities	590,510	4,842,589	5,433,099
Convertible Notes Payable - Related Party	89,195	(89,195)	-
Convertible notes payable	5,000,000	(5,000,000)	-
Total long term liabilities	5,089,195	(5,089,195)	-
Total liabilities	5,679,705	(246,606)	5,433,099
Stockholders' deficit:			
Common stock	45,411	-	45,411
Additional paid in capital	3,368,957	1,015,255	4,384,212
Accumulated deficit	(4,180,562)	(1,136,379)	(5,316,941)
Total stockholders' deficit	(766,194)	(121,124)	(887,318)
Total liabilities and stockholders' deficit	$ 4,913,511	$ (367,730)	$ 4,545,781

Statement of Operations	As Reported (Unaudited)	Adjustments	As Restated
Revenue	$ 45,510	$ -	$ 45,510
Operating expenses			
General and administrative expense	420,753	155,833	576,586
Amortization expense	2,433,100	(1,672,843)	760,257
Total Operating Expense	2,853,853	(1,517,010)	1,336,843
Loss from operations	(2,808,343)	1,517,010	(1,291,333)
Other expense			
Interest expense	286,034	(85,864)	200,170
Total other expense	286,034	(85,864)	200,170
Net loss	$ (3,094,377)	$ 1,602,874	$ (1,491,503)
Net loss per common share	$ (0.14)	$ (0.04)	$ (0.03)

Note 3. Intangible Assets

On May 17, 2010, the Company entered into a license agreement (the "License Agreement") with Vivisimo, Inc. ("Vivisimo"), granting the Company a non-exclusive, world-wide right to the use of "Velocity," a software information optimization platform that unifies access to secure business repositories, presents relevant information and enables knowledge sharing across an enterprise, for use in connection with computer applications currently being developed by the Company. In connection with the License Agreement, the Company acquired the domain Clusty.com, a metasearch engine, and all sub-domains and scripts related thereto, pursuant to a related purchase agreement (the "Purchase Agreement"). Vivisimo agreed not to compete with the Company in the consumer search area for a period of two years. Total consideration paid to Vivisimo under the Purchase Agreement and License Agreement was approximately $5,550,000 (the "Acquisition Price"). The intangible assets included in the table below:

Description	May 31, 2012	May 31, 2011	Estimated Useful Life
Software license	$ 3,605,000	$ 3,555,000	7 years
Trademarks, brands and domains	1,500,000	1,500,000	5 - 7 years
Total	5,105,000	5,055,000	
Less: accumulated amortization	(1,599,691)	(791,934)	
Intangible assets, net	$ 3,505,309	$ 4,263,066	

Associated with the software license agreement, Vivisimo agreed to a two year non-compete period expiring May 17, 2012. In October 2011, the Company extended the term of the non-compete agreement with Vivisimo, Inc. by agreeing to a $50,000 fee. The term of the non-compete agreement is extended through May 17, 2013.

On an annual basis the Company will evaluate the carrying value of intangible assets and determine if impairment has occurred and if so, record a charge for impairment. Management has concluded no impairment exists as of May 31, 2012 and 2011, respectively.

The Company recorded amortization expense of $807,757 and $760,257 for the years ended May 31, 2012 and 2011, respectively, related to the intangible assets.

Note 4. Convertible Notes Payable

Notes payable consists of the following at May 31, 2012 and 2011, respectively:

		2012		2011
Convertible Notes Payable- Related Party				
Loan payable to a shareholder bearing interest at 18% originaly due on July 20, 2012 and currently due on demand, convertible to common stock at $1.00 per share	$	300,000	$	-
Loan payable to a shareholder bearing interest at 18% due on February 17, 2013, convertible to common stock at $1.00 per share		185,000		-
Total Convertible Notes Payable – Related Party	$	485,000	$	-
Convertible Notes Payable				
Loan payable bearing interest at 15% due on May 29, 2012, convertible to common stock at 55% of the lowest closing price during the ten days immediately preceding conversion. Subsequent to May 31, 2012, the lender has agreed to convert this note payable to shares of the Company's common stock. As of the date of the report, the common stock has not been issued.	$	150,000	$	-
Loan payable bearing interest at 15% due on June 28, 2012, convertible to common stock at 55% of the lowest closing price during the ten days immediately preceding conversion. Subsequent to May 31, 2012, this loan payable was refinanced with the maturity date extended to June 11, 2013.		150,000		-
Loan payable bearing interest at 15% due on August 13, 2012, convertible to common stock at 55% of the lowest closing price during the ten days immediately preceding conversion. Subsequent to May 31, 2012, this loan payable was refinanced with the maturity date extended to June 11, 2013.		250,000		-
Less: Discounts		(550,000)		-
Plus: Amortization of Discounts		370,834		-
Loan payable bearing interest at 4% due on May 16, 2011, convertible to common stock at $2.00 per share. The note was converted in October 2011.		-		1,000,000
Loan payable bearing interest at 4% due on May 16, 2012, convertible to common stock at $2.00 per share. The note was converted in October 2011.		-		4,000,000
Total Convertible Notes Payable	$	370,834	$	5,000,000

Accrued interest on the convertible notes payable was $205,305 and $246,694 at May 31, 2012 and 2011, respectively.

Note 5. Income Taxes

The Company and its subsidiary file a consolidated federal income tax return.

The Company’s effective tax rate of 34% for the years ended May 31, 2012 and 2011 differed from the federal statutory rate due to valuation adjustments of 34%.

The tax accruals are reflected as follows:

	For the Years Ended May 31,	
	2012	2011
Income tax provision (benefit)	$ (729,400)	$ (476,000)
Change in valuation allowance	729,400	476,000
Income tax provision (benefir)	$ -	$ -

Deferred tax assets and liabilities are as follows:

	As of May 31,	
	2012	2011
Deferred tax assets relating to:		
Net loss carryforward	$ 5,927,000	$ 5,198,000
Less: valuation allowance	(5,927,000)	(5,198,000)
Total deferred tax asset	$ -	$ -

A valuation allowance for deferred tax assets is required when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of this deferred tax asset depends on the Company’s ability to generate sufficient taxable income in the future. Management believes it is more likely than not that the net deferred tax asset will not be realized by future operating results. The valuation allowance increased by approximately $729,000 and $476,000 for the years ended May 31, 2012 and 2011, respectively.

At May 31, 2012, the Company had net operating loss carry-forwards for federal income tax purposes of approximately $5,927,000 which expire in years 2030 through 2032.

The Company routinely assesses potential uncertain tax positions and, if required, establishes accruals for such amounts. Only tax positions that meet the more-likely-than-not recognition threshold are recorded.

Note 6. Going Concern

As reflected in the accompanying financial statements, the Company has accumulated net losses of $9,375,376 since inception and net cash used in operations of $860,530 for the year ended May 31, 2012.

The Company intends to raise additional working capital either through private placements, public offerings and/or bank financing.

There are no assurances that the Company will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placement, public offerings and/or bank financing necessary to support the Company's working capital requirements. To the extent that funds generated from any private placements, public offerings and/or bank financing are insufficient to support the Company's working capital requirements, the Company will have to raise additional working capital from additional financing. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to the Company. If adequate working capital is not available, the Company may not renew or continue its operations.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 7. Related Party Transactions

The sole director and officer of the Company and a shareholder advance funds to and from the Company from time to time. During the year ended May 31, 2012, the sole director and officer of the Company forgave net advances totaling $17,910. The balance due the sole director and officer and the shareholder was $232,245 and $201,430 at May 31, 2012 and 2011, respectively.

In connection with the conversion of the convertible notes the holder forgave $236,981 in accrued interest. The Company recorded the forgiveness of debt as a contribution to capital.

Note 8. Stockholders' Equity (Deficit)

Fiscal year ended 2011:

In May 2011, the Company issued 790,722 restricted common shares in exchange for $790,722 of related party in accordance with the original terms of the convertible debt agreements, and accordingly, no gain or loss was recognized.

Fiscal year ended 2012:

On June 2, 2011, the Company declared a 5% stock dividend for holders of record on June 27, 2011, payable on or about June 30, 2011 representing 2,481,154 shares of common stock.

In July 2011, the Company issued 20,000 shares of common stock to a former consultant as settlement of a dispute. The common stock had a fair market value of $10,300.

In October 2011, the Company issued 5,000,000 shares of common stock upon the conversion of $5,000,000 in notes payable in accordance with the original terms of the convertible debt agreements, and accordingly, no gain or loss was recognized.

In November 2011, the Company issued 70,000 shares of common stock as compensation to two consultants. The fair market value of the common stock was $30,000.

In December 2011, the Company issued 83,334 shares of common stock as compensation for fees to execute a note payable agreement. The fair market value of the common stock was $16,668.

On December 5, 2011, the Company declared a 2-for-1 forward stock split. All share and per share amounts have been retroactively restated.

Note 8. Stockholders' Equity (Deficit) (continued)

In March 2012, the Company issued 83,334 shares of common stock as compensation for fees to place notes payable. The fair market value of the common stock was $19,167.

In May 2012, the Company issued 25,000 shares of common stock as compensation for fees to place notes payable. The fair market value of the common stock was $20,225.

Warrants

The Company issued 400,000 warrants in connection with the convertible notes payable totaling $550,000. The warrants have an exercise price of $0.55 per share, subject to adjustment, and have a term of two years. The warrants contain a reset provision whereby if the Company issues common stock or options at a price below $0.55 per share then the exercise price will be adjusted. The exercise price adjustment provision does not apply to an initial public offering.

The conversion features are accounted for as derivative liabilities at the date of issuance and adjusted to fair value through earnings at each reporting date due to anti-dilution reset features. The fair value was estimated on the date of grant using a Black-Scholes option-pricing model using the following weighted-average assumptions: expected dividend yield of 0%; expected volatility of 19%; risk-free interest rate of 0.07% and an expected holding period of 24 months for the warrants. The resulting values, at the date of issuance, were allocated to the proceeds received and applied as a discount to the face value of the convertible notes payable and warrants. The Company recorded a derivative expense on the warrants of $47,391 at inception based on the guidance in ASC 815-10 and ASC 815-40-15.

In regards to the convertible notes payable, the Company also recognized a derivative liability of $1,000,462 and an expense of $525,462 at inception and a change in fair value of $221,366 for the year ended May 31, 2012, resulting in a derivative liability of $779,096 at May 31, 2012.

In regards to the warrants, the Company also recognized a derivative liability and expense of $47,391 at inception and a change in fair value of $160,017 for the year ended May 31, 2012, resulting in a derivative liability of $207,408 at May 31, 2012.

Note 9. Subsequent Events

On June 12, 2012, the Company consolidated two of its convertible notes payable into one convertible note payable. The maturity date was extended to June 11, 2013 and the other terms remained the same.

On August 1, 2012, the Company acquired Macte! Labs, Inc. pursuant to a share exchange agreement. The Company paid $50,000 and issued 3,687,500 put warrants. The put warrants can be exchanged for on a 1 for 1 basis at the option of the holder into the Company's common stock.