KLEVER MARKETING INC
Form 10KSB
April 15, 2008

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

(Mark One)
[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended: December 31, 2007

or

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

For the transition period from _____ To _____

Commission file number 0-18834

Klever Marketing, Inc.
(Name of small business issuer in its charter)

Delaware	36-3688583
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

955 N.400 W. Suite 8, North Salt Lake, UT 84054.

(Address of principal executive offices) (zip code)

Issuer's telephone number (801) 263-0404

Securities registered under Section 12(b) of the Act: NONE
Securities registered under Section 12(g) of the Act:

Common Stock Par Value $0.01
(Title of class)

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

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year. $0

As of December 31, 2007, there were 46,781,300 (1 vote per share) Common and 168,434 Convertible Preferred, for a preferred (converted to common) and common share total of 48,465,640. All shares have a par value of $0.01. The aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant was approximately $782,861 computed at the closing price as of December 31, 2007. The number of preferred and common shares held by non-affiliates of the Registrant total 39,143,037 votes.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"): NONE

Transitional Small Business Disclosure Format (check one): Yes [ ] ; No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. [X] Yes [ ] No

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PART I

ITEM 1 DESCRIPTION OF BUSINESS

General

The Company was formed for the purpose of creating a vehicle to obtain capital, to file and acquire patents, to seek out, investigate, develop, manufacture and market electronic in-store advertising, directory and coupon services which have potential for profit. The Company is currently in the process of evaluating transitional partnerships and identifying appropriate acquisition suitors, while also assessing available options for monetizing the existing Patent Portfolio through enhanced licensing Agreements.

History

The Company began as a part of Information Resources, Inc. ("IRI") in 1987, was incorporated as a subsidiary of IRI under the laws of the State of Delaware on December 8, 1989, and was fully distributed to stockholders of IRI in a spinoff on October 31, 1990. At the time of the spinoff a portion of the business and assets of the Company included a software operation in Australia, which was sold in March, 1993. The Company (VideOCart, Inc.) filed petitions for relief under Chapter 11 bankruptcy in December 1993. The Company was inactive until July 5, 1996 when the Company merged with Klever Kart, Inc. in a reverse merger and changed its name to Klever Marketing, Inc. During the period from July 5, 1996 to December 31, 2003, the Company was in a development stage, except for an approximate 2-month period in 2000 when the Company generated revenue from installations of their Klever-Kart system in stores.

In August 2004, the Company signed a partnership contract with Fujitsu Transaction Solutions (FTXS). Under this contract, Fujitsu committed to manufacture and develop the hardware for a cart-based, advertising and promotional device offering (the U-Scan Shopping Cart), to develop relevant and required software and applications to support said device, to act as sales lead for the solution & hardware sell-in process and to provide for technical installations, IT implementation, and support for all retail locations. The Company and Fujitsu agreed to jointly share responsibility for marketing into Fujitsu's current retail client base for the initial nationwide sales effort. The Company likewise agreed to act as sales lead for the participant sell-in of advertising and promotion space to both retailers and manufacturers.

In 2007, the Company was informed by Fujitsu (FTXS) that they were restructuring their US management team and had reprioritized their go-to-market model, which unfortunately would no longer include pursuing the joint deployment of U-Scan Shopping Carts in the US marketplace, as this was no longer part of their US business strategy. As a result, Fujitsu amicably disengaged from collaborative deployment discussions with the Company. However today and despite concluding US go-to-market collaboration with Fujitsu in 2007, the Company continues to pursue a remaining obligation by Fujitsu of $25,000 related to the sale of its international Patents and Patent work done by the Company on Fujitsu's behalf. Importantly post-Fujitsu, the Company has endeavored to pursue alternative deployment approaches; has continued efforts to protect the Patents against potential infringement; and has continued to explore opportunities to monetize the Patent Portfolio, which retains a meaningful duration in-market. Proactively, and in pursuit of an exit strategy, the Company is currently assessing potential acquisition suitors, who are best poised to take full and timely advantage of the Company's Patent portfolio and who would be competitively advantaged by control over said Patents.

Inactive Public Company

Since January 1, 2007, the Company has functioned as an inactive public company without productive assets, revenues, or earnings. As previously indicated and disclosed, the business plan going forward is to attempt to seek various possible merger or acquisition possibilities for the Company as an inactive public company, sometimes known as a "Shell" corporation. Operating as an inactive public company poses certain impediments and risk factors to the Company and the shareholders, the most significant of which are outlined below:

- The Company has patent assets of undetermined value and substantial debt. It has continued operations with limited capital contributions, these assets must be considered during the period of business inactivity as "wasting assets" which will be expended to continue the operation of the Company on a minimal basis and as a public reporting company pending a subsequent acquisition, merger, or reorganization. There can be no warranty or assurance how long the Company can continue in its present state as a inactive public company without further capitalization.

- The Company can make no warranty or assurance it will be successful in obtaining a suitable merger or acquisition candidate and is pursuing such objectives on a best efforts basis through its part-time management and board members.

- There are imposed by SEC regulation certain restrictions and limitations upon investors who can purchase shares in an inactive public corporation through brokerage firms, which regulations limit the suitability of any shares to be sold while inactive to a limited range of individuals who are able to bear high risk investments.

- The fact that the Company shares are limited to a restricted group of buyers and the fact that the Company must report itself as a Shell company in its periodic reporting requirements may limit the value of the Company as a public entity and the tradability of its shares in the market.

- There are certain limitations and restraints upon the use of SEC Rule 144 for the resale of restricted securities in a Shell corporation which may have to be satisfied by various individuals holding restricted stock in the Company.

- In the future, the SEC or various state security regulatory agencies may impose further or additional regulations or limitations on the Company or the tradeability of its stock as a Shell company.

ITEM 2 DESCRIPTION OF PROPERTY

The Company currently occupies approximately 700 square feet of office space. The space is provided "free of charge" to the Corporation on a short-term basis by Jeremiah Cox, Managing Principal, All World Consortium and currently CFO of the Company. The office space is used as the corporate headquarters. It is located at 955 N.400 W. Suite 8, North Salt Lake, UT 84054.

ITEM 3 LEGAL PROCEEDINGS

On October 27, 2003, Thomas J. LaLanne, assignee of eiKart, LLC., filed against the Company in the Third Judicial District Court of Utah under the provisions of the Utah Foreign Judgment Act, a judgment from the Superior Court of California, in and for the County of San Francisco Jurisdiction. The judgment was in relation to a consulting agreement between eiKart, LLC. and the Company. This judgment was included in the financial statements as part of accrued liabilities at December 31, 2006. In June 2007, this litigation was settled in full out-of court by a cash payment of $10,000 and the remainder of the liability of $80,448 was included in the statement of operations as extraordinary income

On September 6, 2002, an entry of judgment was entered against the Company by Micropower Direct, LLC. The total judgment was for $17,167.18. During 2006, this judgment was paid in full.

On December 12, 2005 Klever Marketing was summoned, and a complaint was filed in the Third District Court of the State of Utah, by Dennis Shepard, one of the partners of S&C Medical. The complaint contested Klever Marketing's cancellation of an attempted deal with S&C medical in December of 2001. On January 13, 2006, Klever Marketing answered their complaint and filed a counter claim against S&C Medical. During 2007,this litigation was settled out-of court, resulting in a favorable depreciation of the claim sought, and full and complete resolution in this matter, also resulting in the return of 992,100 shares of common stock to the Company's treasury. These shares were subsequently cancelled.

During 2006, Arthur Portugal, a former officer of the Company, filed a formal claim asserted for approximately $125,000 for past due executive compensation including stock options. Mr. Portugal previously filed a formal administrative wage claim in California which is inactive and no longer pending. As of December 31, 2007, the Company has accrued compensation of $96,700 for Mr. Portugal as part of his employment agreement through June 30, 2006. The Company also has accrued notes payable of $10,303 due to Mr. Portugal.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of shareholders during 2007.

PART II

ITEM 5 MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The stock is traded on the “Pink Sheets” with the trading symbol KLMK.PK. The Company has 50 million authorized common shares.

The following table set forth the high and low bid of the Company’s Common Stock for each quarter within the past two years. The information below was provided by S & P Comstock and reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions:

2007:	High	Low
First Quarter	$ 0.10	$ 0.05
Second Quarter	$ 0.07	$ 0.04
Third Quarter	$ 0.05	$ 0.02
Fourth Quarter	$ 0.05	$ 0.02

2006:	High	Low
First Quarter	$ 0.10	$ 0.05
Second Quarter	$ 0.17	$ 0.07
Third Quarter	$ 0.13	$ 0.06
Fourth Quarter	$ 0.08	$ 0.04

The number of shareholders of record of the Company's common stock as of December 31, 2007 was approximately 861.

The Company has not paid any cash dividends to date and does not anticipate paying cash dividends in the foreseeable future. It is the present intention of management to utilize any available funds for the development of the Company's business.

Recent Sales of Unregistered Securities.

During the year ended December 31, 2006, the Company issued 586,000 shares of common stock for cash of $146,500. The shares were sold for $.25 per share.

In December 2006, the Company issued 2,788 shares of common stock for general and administrative expenses of $697. The shares were valued at $.25 per share.

In October 2006, the Company issued 24,000 shares of common stock for accounts payable of $6,000. The shares were valued at $.25 per share.

In December 2006, the Company issued 47,956 shares of common stock for accounts payable of $11,989. The shares were valued at $.25 per share.

During the year ended December 31, 2007, the Company issued 1,090,000 shares of common stock for cash of $272,500. The shares were sold for $.25 per share.

In December 2007, the Company issued 450,000 shares of common stock for general and administrative expenses of $17,500. The shares were valued at $.035 per share.

In October 2007, the Company issued 8,411,103 shares of common stock for accounts payable and debt instruments totalling $2,102,776. The shares were valued at $.25 per share.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Exchange Act requires the Company's directors, executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Commission reports regarding initial ownership and changes in ownership. Directors, executive officers, and greater than 10% stockholders are required by the Commission to furnish the Company with copies of all Section 16(a) forms they file.

Beneficial Ownership Compliance Reporting

The company is aware of the following share and option transactions for the reporting period ending December 31, 2007 for which Form 4 or Form 5 were not filed.

Name	Officer or board	Number of shares	Share Price	Total cost	Options at .50	Options at 1.00	Date	Term in years
Bill Bailey	B &O	40,000	0.25	10,000	10,000	10,000	02/01/2007	3
Bill Bailey	B &O	20,000	0.25	5,000	5,000	5,000	07/31/2007	3
Jeremiah Cox	B &O	200,000	0.25	50,000	50,000	50,000	04/16/2007	3
Jeremiah Cox	B &O	40,000	0.25	10,000	10,000	10,000	06/01/2007	3
Jeremiah Cox	B &O	60,000	0.25	15,000	15,000	15,000	06/01/2007	3
Jeremiah Cox	B &O	120,000	0.25	30,000	30,000	30,000	06/28/2007	3
Jeremiah Cox	B &O	20,000	0.25	5,000	5,000	5,000	07/24/2007	3
Jeremiah Cox	B &O	20,000	0.25	5,000	5,000	5,000	07/26/2007	3
Jeremiah Cox	B &O	120,000	0.25	30,000	30,000	30,000	12/07/2007	3
Paul Begum	B &O	100,000	0.25	25,000	25,000	25,000	02/01/2007	3
Paul Begum	B &O	100,000	0.25	25,000	25,000	25,000	02/09/2007	3
Paul Begum	B &O	20,000	0.25	5,000	5,000	5,000	07/25/2007	3
Paul Begum	B &O	180,000	0.25	45,000	45,000	45,000	09/28/2007	3

ITEM 6 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The Company will continue to operate on an inactive basis, while it attempts find an appropriate and synergistic suitor to acquire it assets in a transaction acceptable to its shareholders. Alternatively, the company may attempt to renegotiate existing licensing agreements to ensure the ongoing monetization of its Patent Portfolio. However, there is no Operational Plan to maintain any day-to-day Operations, thus requiring only minimal financing to ensure the payment of ongoing and nominal expenses.

We advise anyone relying upon this report that any statement of earnings by the company for the calendar year ending 2007 have been obtained solely through the reduction, adjustment or termination of various debt obligations and does not in any way reflect revenues to the company. The company continues as an inactive company without revenues and with continuing substantial expenses, yielding a net loss from operations if considered apart from reduction of debt. The company continues to search for merger or acquisition candidates or possible entities to whom it may sell its patent interest, but makes no warranty or assurance that it will be successful in any of these endeavors. Further, there is no assurance that the company can continue to operate without cash flows or revenues and during the past year has relied exclusively upon interim capital financing for its continuation. Based upon these and other related factors, the auditors for the company will necessarily have to continue to express a reservation of the company's ability to continue as a going concern."

BUSINESS DEVELOPMENT, NEXT 12 MONTHS

As a result of the current financial condition of the Company, the plan of the Company for the next twelve months is to attempt to monetize its Patent Portfolio through expanded licensing agreements and/or to sell minority or majority interest in the Company, its assets and/or its Patents to a qualified suitor through a cash and/or equity transaction. This will allow the Company to pay off its remaining liabilities, financial and contractual obligations, cleaning up its balance sheet in its entirety, while obtaining equity interest (with upside potential) in a going business concern for its shareholders. In the interim, the Company plans to continue to find sufficient smaller financing to permit the Company to continue to prevent the loss or wasting of its assets and to continue to seek such an appropriate synergistic suitor, fully capable of leveraging the Company's assets, while returning value to its shareholders. Currently, the Company has sufficient liquid assets to permit current restricted operations to continue for one month or until such a desired suitor is found and a transaction is secured. If such smaller interim financing is not obtained, it is likely that the Company will cease being a going concern at the end of such period.

Results of Operations - The Company was inactive until July 5, 1996 when the Company merged with Klever-Kart, Inc. in a reverse merger and changed its name to Klever Marketing, Inc. The Company remains in the development stage. For the year ended December 31, 2007, the Company had net income of $1,563,900 due to an extraordinary gain of $2,271,394 as a result of restructuring debt. The Company had a loss before extraordinary items of $707,494 for the year ended December 31, 2007. For the year ended December 31, 2006, the Company had a net loss of $850,440.

Liquidity and Capital Resources - The Company requires working capital principally to fund its proposed research and development and operating expenses for which the Company has relied on short-term borrowings and the issuance of restricted common stock. There are no formal commitments from banks or other lending sources for lines of credit or similar short-term borrowings, but the Company has been able to borrow minimal additional working capital that has been required to prevent the assets from wasting away. From time to time in the past, required short-term borrowings have been obtained from a principal shareholder or other related entities.

Cash flows. Operating activities used cash of approximately $298,000 and $152,000 for 2007 and 2006 respectively. The increase in the use of cash is due primarily to a decrease in accounts payable and accrued liabilities.

Investing activities have used cash of approximately $0 and $7,000 for 2007 and 2006, respectively. Investing activities primarily represent purchases of patents relating to the electronic in-store advertising.

Financing activities provided cash of approximately $296,000 and $159,000 for 2007 and 2006, respectively. Financing activities primarily represent sales of the Company's restricted stock, and short term borrowings.

Factors That May Affect Future Results - Management's Discussion and Analysis contains information based on management's beliefs and forward-looking statements that involved a number of risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially for the forward-looking statements as a result of various factors, including but not limited to the following:

The foregoing statements are based upon management's current assumptions.

ITEM 7 FINANCIAL STATEMENTS

The financial statements of the Company and supplementary data are included beginning immediately preceding the signature page to this report. See Item 13 for a list of the financial statements and financial statement schedules included.

ITEM 8 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are not and have not been any disagreements between the Company and its accountants on any matter of accounting principles, practices or financial statements disclosure.

ITEM 8A(T) CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

Our internal controls framework is based on the criteria set forth in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management and audit committee, including the Company's President, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon the evaluation, the Company's President concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in timely alerting him to material information relating to the Company required to be included in the reports that the Company files and submits pursuant to the Exchange Act.

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

(b) Changes in Internal Controls

Based on this evaluation as of December 31, 2007, there were no changes in the Company's internal controls over financial reporting or in any other areas that occurred during the fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART III

ITEM 9 DIRECTORS EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Executive Officers and Directors

The following table sets forth the name, age, and position of each executive officer and director of the Company:

Director's Name	Age	Office	Term Expires
William C. Bailey	71	Chairman	Next annual shareholder meeting
Paul G. Begum	65	Secretary & Treasurer	Next annual shareholder meeting
John L. Hastings III	44	Interim Pres./CEO	Status Change 02/08, remains Dir.
Bernadette Suckel	51	Interim COO	Status Change 02/08, remains Dir.
Craig Poulton	48	Director	Next annual shareholder meeting
Michael L. Mills	43	Director	Next annual shareholder meeting
Jeremiah Cox	35	CFO	Next annual shareholder meeting

William C. Bailey, age 71, was elected as a director of the Company in June 1994. Since July of 2005, Mr. Bailey has been serving as Chairman of the Board. Mr. Bailey is also President and owner of Mount Olympus Waters, Inc. and founder of Water and Power Technologies. Mr. Bailey served on the Board of Directors for the American Bottled Water Association and the International Bottled Water Association from 1975 to 1996, and was the Association's President in 1978 and again in 1990. He received the industry's first award of Excellence from IWBA in 1987 and was elected to the Beverage World Water Hall of Fame in 1989. He serves as a member of the Board of Trustees for the Utah Food Industry Associations Insurance Trust. He is a lifetime member of the Board of Trustees for the Utah Symphony Opera, having served as Chairman from 1999-2002. He has been a member of the Board of Directors for KUED 1990- 1996, University of Utah Alumni Board 1990-1994, and a member of the University of Utah's Fine Art's Advisory Board. He is also a member of the Salt Lake Rotary and served as Secretary 1999-2000.

Paul G. Begum, Founder, age 65 returned to the Board of Directors in February, 2007. Paul currently serves as Secretary & Treasurer, having previously served in prior years as President & CEO. Paul has substantial entrepreneurial experience managing and owning controlling interest in HelpUSolve, LLC which operates a number of divisions with products ranging from filtered breathing masks (EnviroAir), food service industry cup liners, script writing, screen plays and theatrical production. Paul also brings substantial and diverse fundraising abilities and negotiating skills to the Board.

Michael L. Mills, age 46, was elected as a director of the Company in December 1998.
Mr. Mills is President/CEO of Cackle Fresh Egg Farms, Inc. (an entity merged from Olson Holdings, Inc.). Cackle Fresh Egg Farms deals primarily in the distribution of eggs, with headquarters in Washington State. Mr. Mills has been with the company since 1989. Mr. Mills began his career with Deloitte & Touche in Los Angeles after graduating from the University of Utah summa cum laude in accounting and mathematics.

John L. Hastings III, age 44, joined the Company in November 2006 as Interim President and CEO of Klever Marketing. John brought with him more than 20 years of experience in the roles of Sales, Marketing & Brand Management, Consultative Practice Leader and Executive General Management within Consumer Packaged Goods, Global Information Services and Global Retail/CPG Research & Analytics industries. As of February 2008, John was appointed Chief Sales & Marketing Officer of RemoteMDX and has continued to serve voluntarily on a part-time, interim capacity at the company.

Bernadette Suckel, age 51, joined the Company in November 2006 as Interim Chief Operating Officer of Klever Marketing, working on a part time basis. She brought with her more than 25 years experience in the roles of Sales, Marketing, Business Development and Consultative Sales Management within Global Research, Global Information Management, Large Systems and Retail Technologies industries. As of February 2008, Bernadette has been fulfilling this role on a volunteer basis.

Jeremiah Cox, age 35, joined the Company in April 2007 and serves as the Chief Financial Officer. Jeremiah has entrepreneurial experience in operating and managing a substantial real estate portfolio and holdings; capital management and equity fundraising skills; and mortgage banking and currency trading experience. He continues to operate a number of real estate investment, land development, property management companies and a cellular phone retailer.

Craig Poulton, age 48, joined the company in 2006 and is the Managing Partner of Poulton and Associates, Insurance Company.

Changes to Executive Officers and Directors

Director's Name	Age	Office	Date of change
Arthur Portugal	65	President	Released as of 6-30-06
Daniel Warner	34	EVP Business Development	Resigned as of 3-31-06
D. Paul Smith	59	CFO	Resigned 05-19-06
C. Terry Warner	69	Director	Released as of 3-24-06
Dick King	54	Director	Resigned as of 1-15-06

Audit Committee

As of December 31, 2007, the Company had one active board committee, the Audit and Compliance Committee. D. Paul Smith and Michael L. Mills serve on this committee. The committee meets annually to determine auditors and scope of the audit, as well as reviews of the 10KSB and all audited financials.

Audit Committee Financial Expert

The Company's board of directors does not have an "audit committee financial expert," within the meaning of such phrase under applicable regulations of the Securities and Exchange Commission, serving on its audit committee. The board of directors believes that all members of its audit committee are financially literate and experienced in business matters, and that one or more members of the audit committee are capable of (i) understanding generally accepted accounting principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert. However, the board of directors believes that there is not any audit committee member who has obtained these attributes through the experience specified in the SEC's definition of "audit committee financial expert." Further, like many small companies, it is difficult for the Company to attract and retain board members who qualify as "audit committee financial experts," and competition for these individuals is significant. The board believes that its current audit committee is able to fulfill its role under SEC regulations despite not having a designated "audit committee financial expert."

ITEM 10 EXECUTIVE COMPENSATION

Summary Compensation

The following table set forth, for the last three fiscal years, the annual and long term compensation earned by, awarded to, or paid to the individuals who were chief executive officer and chief operations officer at any time during the last fiscal year.

(a) Name and Principal Position	(b) Year Ended Dec. 31	(c) Salary ($)(1)	(d) Bonus ($)	(e) Other Annual Compen- Sation ($)	(f) Restricted Stock Award(s) ($)	(g) Securities Underlying Options/ SAR's (no.)	(h) LTIP Payouts ($)	(i) All Other Compen- sation ($)
D. Paul Smith	2007	-	-	-	-	-	-	-
Chairman/CFO/	2006	-	-	-	--		1 -	-
Sec/Treasurer	2005	-	-	-	- -		-	-
Exec								
Vice-President								
William J. Dupre	2007		-	-	-	-	-	-
President/COO	2006		-	-	-	-	-	-
	2005	$62,000	-	-	-		2 -	-
Art Portugal	2007						3	
President through	2006	$96,700				195,288		
6/30/06	2005	$23,822						
John Hastings	2007	128,750	-	-			4 -	-
Interim Pres/CEO	2006	$60,000						
Bernadette Suckel	2007	45,000,					5 -	-
Interim COO	2006	$10,000						

(1). D. Paul Smith joined the Company in October 2001 as Chief Financial Officer, Vice-President, Corporate Secretary, and Treasurer. Mr. Smith resigned as Vice-President when William J. Dupre assumed that position in November 2002. Mr. Smith served as Chairman of the Board from January 2001 until July 2005. On May 19, 2006, Mr. Smith resigned as Chief Financial Officer, Corporate Secretary and Treasurer.

(2) William Dupre joined the Company in November 2002 as Chief Operating Officer and Executive Vice-President, on December 3, 2003 was named President of the Company. On May 1, 2005, Mr. Dupre resigned from the Company

(3) Arthur Portugal joined the company as President in November 2005. The $23,822 worth of restricted stock that Portugal received in 2005, equates to 195,288 in Klever restricted stock, which was granted in place of the payroll that he had accrued from November 14, 2005 until December 31, 2005 at a share price of $0.25. As part of the same transaction, Portugal also received the same amount of options for a three year period and a strike price of $0.50. Mr. Portugal was released as of June 30, 2006.

(4) John Hastings joined the Company on November 16, 2006, under terms of a contract, as Interim President and Chief Executive Officer and as a member of the board.

(5) Bernadette Suckel joined the Company on November 16, 2006, under terms of a contract, as Interim Chief Operating Officer and as a member of the board.

Aggregate Option/SAR Exercises in the Last Fiscal Year and year End Option/SAR Values

The following table sets forth information respecting all individual grants of options and SARs made during the last completed fiscal year, 2007, to the chief executive officer, chief financial officer, and directors of the Company.

Name	Shares Acquired on exercise	Value Realized ($)	Number of Securities Underlying Unexercised Options		Value of Unexercised in-the-money options ($) (a)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
William Bailey	0	$0	30,000		$0	$0
Jeremiah Cox	0	$0	290,000	-	$0	$0
Paul G. Begum	0	$0	100000	-	$0	$0

(a) Based on the closing price of the Company's Common Stock on December 31, 2007 at $.02 per share

Executive Compensation and Benefits

The Company provides no health insurance to any full or part-time employees.

The Company adopted a stock incentive plan for its employees, executive officers, directors, and consultants.

ITEM 11 SECURITY OWNERSHIP OF BENEFICIAL OWNERS AND MANAGEMENT

Principal Shareholders

The table below sets forth information as to each person owning of record or who was known by the Company to own beneficially shares of stock that have more than 5% of the 48,465,640 votes as of December 31, 2007, including options to acquire stock of the Company that are currently exercisable or will be within the next 60 days, and information as to the ownership of the Company's Stock by each of its directors and executive officers and by the directors and executive officers as a group. Except as otherwise indicated, all shares are owned directly, and the persons named in the table have sole voting and investment power with respect to shares shown as beneficially owned by them.

Name and Address of Beneficial Owners Directors and Principal Shareholders	Nature of Ownership		Shares Owned	# of Percent
John Hastings	Direct		4,400,000	
955 N 400 W, Ste 8	Preferred		0	
North Salt Lake, UT 84011	Options/Warrants		0	
		Total	4,400,000	9.08%
Presidio	Direct		18,898,168	
3200 North Central Ave	Preferred		347,332	
Phoenix, AZ 85012	Options/Warrants		0	
		Total	19,245,500	39.71%
Seabury Investors III	Direct		1,000,000	
540 Madison Avenue	Preferred		4,036,552	
New York, NY 10022	Options/Warrants		0	
		Total	5,036,552	10.39%
Directors and Executive Officers				
Paul G. Begum	Direct		1,622,843	
P.O. Box 58045	Preferred		126,302	
Salt Lake City, UT 84158	Options/Warrants		408,800	
		Total	2,157,945	4.45%
Jeremiah Cox	Direct		1,630,000	
1042 East Fort Union, Ste 500	Preferred		0	
Midvale, UT 84047	Options/Warrants		390,000	
		Total	2,020,000	4.17%
William Bailey	Direct		574,092	
3889 E. Brockbank Dr.	Preferred		0	
Salt Lake City, UT 84124	Options/Warrants		96,000	
		Total	670,092	1.38%
John Hastings	Direct		4,400,000	
955 N 400 W, Ste 8	Preferred		0	
North Salt Lake, UT 84011	Options/Warrants		0	
		Total	4,400,000	9.08%
Bernadette Suckel	Direct		1,220,000	
12 Charmony	Preferred		0	
Laguna Niguel, CA 92677	Options/Warrants		0	
		Total	1,220,000	2.52%

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ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Olson Holdings, Inc. loans to the Company

Olson Holdings, Inc. made a $150,000 unsecured loan to the Company on February 26, 2001. This note has a six-month term at 10% annual interest maturing on August 26, 2001. The maker of the note may give written notice within 10-days of maturity, to the Company, to convert the principal and interest into common stock with a convertible price of $1.05 (10-day weighted average from February 26, 2001 and the nine days prior).

Olson Holdings made an unsecured loan to the Company on January 7, 2002 for $1,836. This note has an annual interest rate of 8% and matures on January 7, 2004. An option was granted in connection with this note for 3,060 shares at a strike price of $1.00 and an expiration date of January 7, 2005.

On September 30, 2007, the principal balance due on the loans of $151,836 was converted to 607,343 shares of common restricted stock at $.25 per share and the accrued interest totaling $139,551 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $297,139.

Olson Foundation loans to the Company

Olson Foundation loaned the Company $60,000 on July 16, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 15, 2002. Principal and all due and unpaid interest are to be paid on January 16, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 16, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

Olson Foundation loaned the Company $90,000 on July 30, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 30, 2002. Principal and all due and unpaid interest are to be paid on January 30, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 27,273 common shares at a strike price of $0.01 and an expiration date of July 30, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

Olson Foundation made unsecured loans to the Company on May 3, 2002, August 16, 2002, and October 29, 2002 for $7,359, $10,000, and $1,059, respectively. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Olson Foundation also received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned.

On September 30, 2007, the principal balance due on the loans of $168,418 was converted to 673,673 shares of common restricted stock at $.25 per share and the accrued interest totaling $220,375 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $270,155.

Presidio Investments, LLC loan to the Company

Presidio Investments, LLC has loaned the Company $1,000,000, which loan is secured by a blanket lien on the assets of the Company. The sole trustee of Presidio Investments, LLC is William J. Howard, trustee of the Olson Legacy Trust, whose residual beneficiary is the Olson Foundation. The Olson Foundation was the guarantor for funds borrowed from Northern Trust Bank which funds were used to make the loan to the Company. This note was amended on March 22, 2001 with an additional $500,000 loaned to the Company between January 1, 2001 and March 22, 2001. An Interest rate of 8% applies until March 31, 2001 and increases to 10% on April 1, 2001. Principal and all due and unpaid interest are to be paid on October 1, 2001. This note is convertible to Class C convertible preferred shares at the option of the note holder.

On September 30, 2007, the principal balance due on the loans of $1,500,000 was converted to 6,000,000 shares of common restricted stock at $.25 per share and the accrued interest totaling $1,483,019 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $2,542,713.

The Seabury Group Loan to the Company

The Seabury Group loaned the Company $60,000 on July 5, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 5, 2002. Principal and all due and unpaid interest are to be paid on January 5, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 5, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder

The Seabury Group loaned the Company $190,000 on August 22, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until February 22, 2002. Principal and all due and unpaid interest are to be paid on February 22, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 57,576 common shares at a strike price of $0.01 and an expiration date of August 22, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

On September 30, 2007, the principal balance due on the loans of $150,000 was converted to 1,000,000 shares of common restricted stock at $.25 per share and the accrued interest totaling $348,000 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $464,601.

Arbinger Loans to the Company

The Arbinger Institute has made $41,893 in loans to the Company. As part of a restructure process, the accrued interest of $14,749 was converted to 58,996 shares of common restricted shares at the rate of .25 cents per share. The 68,467 associated options have expired.

At December 31, 2007 and 2006, the total amount due on these loans is $41,893 and $49,905, respectively.

Director and Officer Loans to the Company

During the year ended December 31, 2006, two former officers and directors loaned the Company $16,500. The loans are due on demand and carry an interest rate of 8% per annum. On September 30, 2007, $776 of interest was converted to 3,105 common restricted stock at $.25 per share. At December 31, 2007 and 2006, the total due on these loans was $17,797 and $17,545, respectively.

ITEM 13. EXHIBITS, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report.

2. Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The following exhibits are included as part of this report:

Exhibit Number	Title of Document
3.01	Restated Certificate of Incorporation of Klever Marketing, Inc. a Delaware corporation (1)
3.02	Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class Voting Preferred Stock, Series 1, of Klever Marketing, Inc., dated February 7, 2000 (2)
3.03	Bylaws, as amended (2)
4.01	Amended Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class of Voting Preferred Stock, Series 1, of Klever Marketing, Inc., Dated February 7, 2000 (3)
4.02	Certificate of Designation of Rights, Privileges and Preferences of Class B Voting Preferred Stock, of Klever Marketing, Inc., dated September 24, 2000 (3)
4.03	Certificate of Designation of Rights, Privileges and Preferences of Class C Voting Preferred Stock, of Klever Marketing, Inc., dated January 2, 2001 (3)
4.04	Certificate of Designation of Rights, Privileges and Preferences of Class D Voting Preferred Stock, of Klever Marketing, Inc., dated June 14, 2002 (5)
4.05	Amendment to the Certificates of Designation of Rights, Privileges and Preferences of Class A, B, and C Voting Preferred Stock, of Klever Marketing, Inc., dated June 12, 2002 (5)
10.01	Separation Agreement between Paul G. Begum and the Registrant Dated January 8, 2001 (2)
10.02	Stock Incentive Plan, effective June 1, 1998 (2)
10.03	Amended and Restated Promissory Note (Secured) of the Registrant payable to Presidio Investments, LLC, dated June 27, 2000, with Financing Statement and Exhibit “A” (2)
10.04	Intercreditor Agreement between Seabury Investors III, Limited Partnership, The Olson Foundation, Presidio Investments, LLC, and the Registrant dated August 27, 2001 (4)
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated herein by reference from Registrant’s Form 10KSB, dated June 20, 1997.
(2) Incorporated herein by reference from Registrant’s Form 10KSB, dated March 29, 2001
(3) Incorporated herein by reference from Registrant’s Form 10QSB, dated May 15, 2001.
(4) Incorporated herein by reference from Registrant’s Form 10QSB, dated May 15, 2002.
(5) Incorporated herein by reference from Registrant’s Form 10QSB, dated August 19, 2002

(b) Reports Filed on Form 8-K

On May 3, 2007, the Company filed a Form 8-K under Item 9, Regulation FD Disclosure.

On July 19, 2007, the Company filed a Form 8-K under Item 7, Regulation FD Disclosure.

On November 13, 2007, the Company filed a Form 8-K under Item 8, Other.

ITEM 14. PRINCIPAL ACCOUNTANT FEES & SERVICES

The following is a summary of the fees billed to us by Robison, Hill & Company for professional services rendered for the years ended December 31, 2007 and 2006:

Service	2007	2006
Audit Fees	$ 17,989	$ 25,109
Audit-Related Fees	-	-
Tax Fees	250	224
All Other Fees	-	-
Total	$ 18,239	$ 25,333

Audit Fees. Consists of fees billed for professional services rendered for the audits of our consolidated financial statements, reviews of our interim consolidated financial statements included in quarterly reports, services performed in connection with filings with the Securities & Exchange Commission and related comfort letters and other services that are normally provided by Robison, Hill & Company in connection with statutory and regulatory filings or engagements.

Tax Fees. Consists of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee, is to pre-approve all audit and non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services as allowed by law or regulation. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specifically approved amount. The independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval and the fees incurred to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

The Audit Committee pre-approved 100% of the Company’s 2007 audit fees, audit-related fees, tax fees, and all other fees to the extent the services occurred after May 6, 2003, the effective date of the Securities and Exchange Commission’s final pre-approval rules.

KLEVER MARKETING, INC.
(A Development Stage Company)

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INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS REPORT

DECEMBER 31, 2007 AND 2006

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Board of Directors
Klever Marketing, Inc.
(A Development Stage Company)
Salt Lake City, Utah

We have audited the accompanying balance sheets of Klever Marketing, Inc. (a development stage company) as of December 31, 2007 and 2006, and the related statements of operations and cash flows for the two years ended December 31, 2007, and the cumulative period from July 5, 1996 (inception of development stage) to December 31, 2007, and the statement of stockholders' equity from July 5, 1996 (inception of development stage) to December 31, 2007. 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 audit 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 Klever Marketing, Inc. (a development stage company), as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Robisonhill.com
Certified Public Accountants
Salt Lake City, Utah
April 14, 2008

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KLEVER MARKETING, INC.
(a Development Stage Company)
BALANCE SHEETS

ASSETS		December 31, 2007		December 31, 2006
Current Assets				
Cash	$	375	$	3,172
Prepaid Expense		0		3,850
Other Receivable		25,000		25,865
Total Current Assets		25,375		32,887
Fixed Assets				
Office Equipment		92,964		92,964
Less Accumulated Depreciation		(92,964)		(92,964)
Net Fixed Assets		-		-
Other Assets				
Patents		775,045		775,045
Less Accumulated Amortization		(775,045)		(775,045)
Net Other Assets		-		-
Total Assets	$	25,375	$	32,887
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts Payable, Trade	$	302,037	$	379,491
Accrued Liabilities		748,615		2,608,007
Line of Credit		23,023		-
Related Party Payables		58,393		2,128,648
Notes Payable		45,000		45,000
Total Current Liabilities		1,177,068		5,161,146
Stockholders' Equity				
Preferred stock (par value $.01), 2,000,000 shares authorized 168,434 issued and outstanding December 31, 2007 and 2006		1,684		1,684
Common Stock (Par Value $.01), 50,000,000 shares authorized 46,718,303 shares issued and outstanding at December 31 2007 and 39,183,864 and December 31, 2006		467,183		391,839
Common Stock to be issued, 469,752 shares at December 31, 2007 and December 31, 2006		4,698		4,698
Treasury Stock, 52,700,000 shares at December 31, 2007 and 100,000 shares at December 31, 2006		(52,700)		(1,000)
Paid in Capital in Excess of Par Value		16,032,208		13,643,186
Retained Deficit		(3,333,785)		(3,333,785)
Deficit Accumulated During Development Stage		(14,270,981)		(15,834,881)

Total Stockholders' Equity		(1,151,693)		(5,128,259)
Total Liabilities and Stockholders' Equity	$	25,375	$	32,887

The accompanying notes are an integral part of these financial statements

KLEVER MARKETING, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	For the Years Ended December 31, 2007	2006	Cumulative From 5-Jul-96 Inception of Development Stage
Revenue	$ -	$ -	$ 256,000
Expenses			
Sales and Marketing	-	8,098	163,306
General and Administrative	549,759	400,080	10,351,286
Research and Development	-	-	4,529,656
Total Expenses	549,759	408,178	15,044,248
Other Income (Expense)			
Other Income	25,126	-	453,843
Interest Income	-	-	18,902
Interest Expense	(309,898)	(442,162)	(2,571,248)
Forgiveness of debt	127,137	-	127,137
Gain (Loss) on sale of assets	-	-	26,947
Capital gain on sale of investments	-	-	191,492
Total Other Income (Expense)	(157,635)	(442,162)	(1,752,927)
Loss Before Taxes	(707,394)	(850,340)	(16,541,175)
Income Taxes	100	100	1,200
Net Loss before extraordinary items	(707,494)	(850,440)	(16,542,375)
Extraordinary item - troubled debt restructuring	2,271,394	-	2,271,394
Net Income (loss)	$ 1,563,900	$ (850,440)	$ (14,270,981)
Loss per Common Share			
Income (loss) before extraordinary item	$ (0.02)	$ (0.02)	
Extraordinary item	0.06		
Loss per share	$ 0.04	$ (0.02)	
Weighted Average Shares Outstanding	41,193,978	38,718,472	

The accompanying notes are an integral part of these financial statements

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Balance December 31, 1995	247,100	$ 2,471	12,210,949	$ 122,109	$ -	$ -	$ 74,022,028	$ (103,351,248)	$ -
January 1996 shares issued in connection with merger	-247,100	-2,471	-3,784,905	-37,849	-	5,059	-70,257,358	100,017,463	
Shares issued for cash at $0.50 - 3.00 per share	-	-	314,287	3,143	-	-	507,932	-	-
Shares issued in exercise of options at $1.00 - $1.25 per share	-	-	130,000	1,300	-	-	136,200	-	-
Shares issued for services at $1.25 per share	-	-	14,282	143	-	-	17,710	-	-
Shares issued for receivable at $1.00 - 3.00 per share	-	-	-	-	-	407	101,543	-	-

Shares issued to officer and employee for patents	-	-	-	-	-	2,250	130,500	-	-
Net Loss	-	-	-	-	-	-	-	-	-831,814
Balance December 31, 1996	-	-	8,884,613	88,846	-	7,716	4,658,555	-3,333,785	-831,814

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KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares issued for cash at $0.01 - 3.00 per share	-	$ -	228,150	$ 2,282	$ -	$ 49	$ 449,976	$ -	$ -
Shares issued to officers for loans at $0.08 - 1.82 per share	-	-	249,444	2,494	-	-	74,287	-	-
Shares issued for services at $0.50 - 2.59 per share	-	-	10,398	104	-	-	7,391	-	-
Shares issued to officers for patents	-	-	260,813	2,608	-	-2,250	1,892	-	-
Shares issued for cash and receivables at $1.75 - 2.00 per share	-	-	58,286	583	-	-100	85,267	-	-
Shares issued to VideOcart creditors	-	-	97,610	976	-	-976	-	-	-
Shares issued for research & development at par	-	-	-	-	-	464	-	-	-
Shares issued for employee compensation at $2.50 per share	-	-	6,000	60	-	-	14,940	-	-
Net Loss	-	-	-	-	-	-	-	-	-755,594
Balance December 31, 1997	-	-	9,795,314	97,953	-	4,903	5,292,308	-3,333,785	-1,587,408

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares issued for cash at $1.50 - 3.00 per share	-	$ -	294,059	$ 2,941	$ -	$ (100)	$ 612,416	-	-
Shares issued for services at $2.00 - 7.80 per share	-	-	13,648	136	-	-	43,590	-	-
Shares issued for employee compensation at $2.19 - 3.06 per share	-	-	4,363	44	-	-	9,954	-	-
Shares issued for accounts receivable at $1.50 - 2.12 per share	-	-	129,437	1,294	-	-	209,671	-	-
Shares issued for 1,500 shares of Avtel stock at $3.00 per share	-	-	4,125	41	-	-	12,334	-	-
Shares issued for research & development contract	-	-	46,366	464	-	-464	-	-	-
Shares issued to officer for patent at	-	-	150,000	1,500	-	250	512,313	-	-

$2.94 per share									
Shares returned at $1.58 per share	-	-	-42,493	-425	-	-	-66,667	-	-
Net Loss	-	-	-	-	-	-	-	-	-1,496,926
Balance December 31, 1998	-	-	10,394,819	103,948	-	4,589	6,625,919	-3,333,785	-3,084,334

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares issued for cash at $1.96 - 3.00 per share	-	$ -	701,525	$ 7,015	$ -	$ -	$ 1,649,949	$ -	-
Shares issued for employee compensation at $1.95 - 2.34 per share	-	-	2,995	30	-	-	6,187	-	-
Shares issued for exercise of options at $0.52 - .86 per share	-	-	238,271	2,383	-	-	200,342	-	-
Shares returned at $0.67-1.58 per share	-	-	-62,489	-625	-	-	-107,047	-	-
Net Loss	-	-	-	-	-	-	-	-	-1,734,623
Balance December 31, 1999	-	-	11,275,121	112,751	-	4,589	8,375,350	$ (3,333,785)	$ (4,818,957)
Shares issued for cash at $1.07 - 2.75 per share	-	-	279,742	2,798	-	-	532,754	-	-
Preferred shares issued for cash at $17 - 26 per share	84,576	846	-	-	-	-	1,827,529	-	-
Shares issued for employee compensation	-	-	74,608	746	-	-	296,939	-	-

at $3.99 per
share

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares issued for exercise of stock options at $0.86 - 1.07 per share	-	$ -	597,778	$ 5,978	$ -	$ -	$ 511,931	$ -	$ -
Shares issued for accounts payable at $2.75 - 3.00 per share	-	-	9,488	95	-	-	26,649	-	-
Paid-in capital from treasury stock transaction	-	-	-	-	-	-	16,180	-	-
Shares canceled & converted to preferred shares at $2.75 per share	-	-	-100,000	-1,000	-	-	-274,000	-	-
Conversion of note payable to preferred shares at $26 per share	9,615	96	-	-	-	-	249,904	-	-
	-	-	23,334	233	-	-233	-	-	-

Shares issued that were paid for in 1997									
Shares issued for services at $0.89 per share	-	-	2,697	27	-	-	2,373	-	-
Shares returned at $1.73 - 2.12 per share	-	-	-10,000	-100	-	-	-19,150	-	-
Net Loss	-	-	-	-	-	-	-	-	-4,066,283
Balance December 31, 2000	94,191	942	12,152,768	121,528	-	4,356	11,546,459	-3,333,785	-8,885,240

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KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares issued for cash at $0.82 per share	-	$ -	4,685	$ 47	$ -	$ -	$ 3,795	$ -	$ -
Preferred shares issued for cash at $6.60 per share	6,061	60	-	-	-	-	39,940	-	-
Preferred shares issued for payment of note payable at $6.60 per share	68,182	682	-	-	-	-	449,318	-	-
Shares canceled for nonpayment	-	-	-4,694	-47	-	-	-9,903	-	-
Shares issued for research & development xpenses at $1.00 per share	-	-	15,000	150	-	-	14,850	-	-
Shares issued for general & administrative expenses at $0.66 per share	-	-	507,048	5,070	-	-	329,581	-	-
Shares returned to Company for accounts receivable of $98,375	-	-	-	-	-1,000	-	-97,375	-	-
Net Loss	-	-	-	-	-	-	-	-	-2,342,405
Balance December 31, 2001	168,434	1,684	12,674,807	126,748	-1,000	4,356	12,276,665	-3,333,785	-11,227,645

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KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares canceled for services not rendered	-	$ -	-304,229	$ (3,042)	$ -	$ -	$ (197,749)	$ -	$ -
Cash received for shares that have not yet been issued	-	-	-	-	-	3,333	21,667	-	-
Net Loss	-	-	-	-	-	-	-	-	-1,025,837
Balance December 31, 2002	168,434	1,684	12,370,578	123,706	-1,000	7,689	12,100,583	-3,333,785	-12,253,482
Shares issued for cash at $0.05 - 0.75 per share	-	-	2,580,000	25,800	-	-3,333	151,033	-	-
Shares issued for S&C Medical at $0.05 per share	-	-	3,000,000	30,000	-	-	120,000	-	-
Shares issued for notes payable at $.04-.05/share	-	-	11,259,786	112,598	-	-	446,642	-	-
Shares issued for accounts payable at $.01-.10/share	-	-	4,200,000	42,000	-	-	96,000	-	-
Shares authorized for	-	-	-	-	-	9,545	19,090	-	-

expense at $.03 per share - not issued									
Shares authorized forpayment of accounts payable at $.21 per share - not issued	-	-	-	-	-	56	1,115	-	-

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KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Net Loss	-	$ -	-	$ -	$ -	$ -	$ -	$ -	$ (1,361,753)
Balance December 31, 2003	168,434	1,684	33,410,364	334,104	-1,000	13,957	12,934,463	-3,333,785	-13,615,235
Shares issued for cash at $.036 - .15 per share	-	-	770,000	7,700	-	-	57,420	-	-
Shares issued for accounts payable at $.05-.23/share	-	-	391,939	3,919	-	-	27,306	-	-
Shares issued for expenses at $.04 - .23 per share	-	-	1,910,604	19,106	-	-9,203	108,325	-	-
Authorized shares issued	-	-	5,571	56	-	-56	-	-	-
Shares issued for settlement of liabilities	-	-	152,142	1,521	-	-	36,514	-	-
Net Loss	-	-	-	-	-	-	-	-	-632,293
Balance December 31, 2004	168,434	1,684	36,640,620	366,406	-1,000	4,698	13,164,028	-3,333,785	-14,247,528
Shares issued for cash at $.028 - .25 per share	-	-	1,790,000	17,900	-	-	254,726	-	-

Shares issued for expenses at $.25 per share	-	-	92,500	925	-	-	22,200	-	-
Net Loss	-	-	-	-	-	-	-	-	-736,913
Balance December 31, 2005	168,434	1,684	38,523,120	385,231	-1,000	4,698	13,440,954	-3,333,785	-14,984,441

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KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares issued for general and administrative expenses at $.25 per share	-	-	2,788	29	-	-	669	-	-
Shares issued for cash at $.25 per share	-	-	586,000	5,860	-	-	140,640	-	-
Shares issued for accounts payable at $.25 per share	-	-	71,956	719	-	-	17,270	-	-
Compensation expense from issuance of stock options	-	-	-	-	-	-	43,653	-	-
Net Loss	-	-	-	-	-	-	-	-	-850,440
Balance December 31, 2006	168,434	$ 1,684	39,183,864	$ 391,839	$ (1,000)	$ 4,698	$ 13,643,186	$ (3,333,785)	$ (15,834,881)

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KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Shares	Preferred Stock Amount	Shares	Common Stock Amount	Treasury Stock	Common Stock to be Issued	Paid in Capital in Excess of Par Value	Retained Deficit	Deficit Accumulated From 5-Jul-96 Inception of Development Stage
Shares issued for general and administrative expenses' at $.03 - $.05 per share	-	-	450,000	4,500	-	-	13000	-	-
Shares issued for cash at $.25 per share	-	-	1,090,000	10,900	-	-	261,600	-	-
Shares issued for accounts payable at $.25 per share	-	-	67,988	680	-	-	16,315	-	-
Shares issued for notes payable at $.25 per share	-	-	8,281,016	82,810	-	-	1,987,444	-	-
Shares issued for accrued interest' at $.25 per share	-	-	62,101	621	-	-	14,905		
Shares returned to the treasury	-	-	-	-	(51,700)	-	51,700	-	-
Shares returned to treasury and cancelled	-	-	(2,416,666)	(24,167)	-	-	24,167	-	-
Compensation expense from issuance of stock options	-	-	-	-	-	-	19,891	-	-
Net Loss	-	-	-	-	-	-	-	-	1,563,900
	168,434	$ 1,684	7,534,439	$ 75,344	$ (51,700)	$ 4,698	$ 2,389,022	$ (3,333,785)	$ 1,563,900

Balance
December 31,
2007

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

KLEVER MARKETING, INC.
(A Development Stage Company)
STATEMENT OF CASH FLOWS

	For the Years Ended December 31, 2007	2006	Cumulative From 5-Jul-96 Inception of Development Stage
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	$ 1,563,900	$ (850,440)	$ (14,270,981)
Adjustments used to reconcile net loss to net cash provided by (used in) operating activities:			
Stock issued for general and administrative	17,500	697	1,004,982
Stock issued for research and development	-	-	62,850
Stock returned for services not rendered	-	-	(200,790)
(Gain) loss on sale/disposal of assets	-	-	486,536
Compensation expense from stock options	19,891	43,653	89,791
Stock issued for interest	15,525	-	135,226
Stock issued for accounts payable	16,995	17,989	243,457
Deferred income	-	-	(214,000)
Depreciation and amortization	-	7,215	1,912,883
Write-off bad debts	-	15,000	15,000
(Increase) decrease in accounts receivable	-	-	(413)
(Increase) decrease in shareholder receivable	-	-	37,694
(Increase) decrease in other assets & prepaids	4,715	(3,100)	89,238
Increase (decrease) in accounts payable	(77,454)	71,899	216,332
Increase (decrease) in accrued liabilities	(1,859,392)	544,826	697,284
Net Cash Used in Operating Activities	(298,320)	(152,261)	(9,694,911)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition/Sale of equipment, net	-	-	(587,801)
Acquisition/Sale of patents	-	(7,215)	25,089
Acquisition/Sale of stock, net	-	-	12,375
Net Cash Used by Investing Activities	-	(7,215)	(550,337)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds capital stock issued	272,500	146,500	7,038,173
Proceeds from loans	-	16,500	3,473,252
Proceeds from line of credit	23,023		23,023
Loan receivables	-		(15,000)
Principal payments on lease obligations	-		(18,769)
Cash payments on notes payable	-	(4,244)	(279,730)
Net Cash Provided by Financing Activities	295,523	158,756	10,220,949

Net Increase (Decrease) in Cash and Cash Equivalents	(2,797)	(720)	(24,299)
Cash and Cash Equivalents at Beginning of the Year	3,172	3,892	24,674
Cash and Cash Equivalents at End of the Year	$ 375	$ 3,172	$ 375

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KLEVER MARKETING, INC.
(A Development Stage Company)
STATEMENT OF CASH FLOWS
(continued)

	For the Years Ended December 31, 2007		2006		Cumulative From 5-Jul-96 Inception of Development Stage	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:						
Interest	$	-	$	-	$	-
Income Taxes	$	100	$	100	$	1,200

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

On September 30, 2007, the Company issued 8,281,016 shares of common stock in exchange for notes payable totaling $2,070,254. As part of the agreements, accrued interest related to these notes totaling $2,190,946 was forgiven, and recorded as extraordinary gain at September 30, 2007.

The accompanying notes are an integral part of these financial statements

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KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assume that the Company will continue in operation for at least one year and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several conditions and events cast doubt about the Company’s ability to continue as a “going concern”. The Company has net income of $1,563,900 for the year ended December 31, 2007, due to an extraordinary gain of $2,271,394 as a result of restructuring debt. The Company had a loss before extraordinary items of $707,494 for the year ended December 31, 2007. For the year ended December 31, 2006, the Company had losses of $850,440. The Company has losses of $17,604,766 since inception. The Company has a liquidity problem and requires additional financing in order to finance its business activities on an ongoing basis. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained.

The Company’s future capital requirements will depend on numerous factors including, but not limited to, continued progress in developing its products, and market penetration.

These financial statements do not reflect adjustments that would be necessary if the Company were unable to continue as a “going concern”. While management believes that the actions already taken or planned, will mitigate the adverse conditions and events which raise doubt about the validity of the “going concern” assumption used in preparing these financial statements, there can be no assurance that these actions will be successful.

If the Company were unable to continue as a “going concern”, then substantial adjustments would be necessary to the carrying values of assets, the reported amounts of its liabilities, the reported revenues and expenses, and the balance sheet classifications used.

Organization and Basis of Presentation

The Company was organized under the laws of the State of Delaware in December 1989. The Company was in the Development stage from 1989 to 1991. The Company was an operating company from 1992 to December 8, 1993 when it filed petitions for relief under Chapter 11 bankruptcy. The Company was inactive until July 5, 1996 when the Company merged with Klever Kart, Inc. in a reverse merger and changed its name to Klever Marketing, Inc. During the period from July 5, 1996 to December 31, 2002, the Company has been in the development stage, except for an approximate 2-month period in 2000 when the Company generated revenue from installations of their Klever-Kart system in stores.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN (continued)

Nature of Business

The Company was formed for the purpose of creating a vehicle to obtain capital, to file and acquire patents, to seek out, investigate, develop, manufacture, market and distribute electronic shopping cart based and in-store advertising, promotion and media content and retail shopper services, which have potential for profit. The Company is currently in the process of commercializing and capitalizing on the patented technologies, Klever Kart system and retail shopper-centric processes it has acquired and/or developed.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

This summary of accounting policies for Klever Marketing, Inc. is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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.

Reclassifications

Certain reclassifications have been made in the 2006 financial statements to conform with the 2007 presentation.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, including accounts payable and accrued liabilities at December 31, 2007 and 2006 approximates their fair values due to the short-term nature of these financial instruments.

Loss per Share

Basic earnings per common share were computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted loss per common share for the twelve months ended December 21, 2007 and 2006 are not presented as it would be anti-dilutive. At December 21, 2007 and 2006, the total number of potentially dilutive common stock equivalents was 8,109,807 and 6,425,467, respectively.

Concentration of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

Fixed Assets

Fixed assets are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated economic useful lives of the related assets as follows:

Computer equipment	3 years
Office furniture and fixtures	5-10 years

Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is included in the determination of income or loss.

Expenditures for maintenance and repairs are charged to expense as incurred. Major overhauls and betterments are capitalized and depreciated over their estimated economic useful lives.

Depreciation expense was $0 and $0 for the years ended December 31, 2007 and 2006, respectively.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (continued)

Intangibles

Intangibles associated with certain technology agreements are amortized over 10 - 14 years.

Amortization expense was $0 and $0 for the years ended December 31, 2007 and 2006, respectively.

Stock Options

Effective January 1, 2006, the company adopted the provisions of SFAS No. 123(R). SFAS No. 123(R) requires employee equity awards to be accounted for under the fair value method. Accordingly, share-based compensation is measured at grant date, based on the fair value of the award. Prior to January 1, 2006, the company accounted for awards granted to employees under its equity incentive plans under the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, “Accounting for Stock Issued to Employees” (APB 25), and related interpretations, and provided the required pro forma disclosures prescribed by SFAS No. 123, “Accounting for Stock-Based Compensation” (SFAS No. 123), as amended.

Under the modified prospective method of adoption for SFAS No. 123(R), the compensation cost recognized by the company beginning on January 1, 2006 includes (a) compensation cost for all equity incentive awards granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all equity incentive awards granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). The company uses the straight-line attribution method to recognize share-based compensation costs over the service period of the award. Upon exercise, cancellation, forfeiture, or expiration of stock options, or upon vesting or forfeiture of restricted stock units, deferred tax assets for options and restricted stock units with multiple vesting dates are eliminated for each vesting period on a first-in, first-out basis as if each vesting period was a separate award. To calculate the excess tax benefits available for use in offsetting future tax shortfalls as of the date of implementation, the company followed the alternative transition method discussed in FASB Staff Position No. 123(R)-3.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (continued)

During the year ended December 31, 2007 the Company granted 520,000 stock options to officers and directors, and granted 25,000 stock options to non-employees. Accordingly, stock-based compensation expense of $19,891 was recognized in the Statement of Operations at December 31, 2007. The Black-Scholes option pricing model was used to calculate to estimate fair value of the options granted. The following assumptions were made: risk-free rate was between 3.15% and 4.98%; expected life of the options was 3 years; expected volatility of stock for the three year options was between 213.7% and 237%, respectively.

During the year ended December 31, 2006 the Company granted 312,800 stock options to officers and directors, and granted 290,000 stock options to non-employees. Accordingly, stock-based compensation expense of $43,653 was recognized in the Statement of Operations at December 31, 2006. The Black-Scholes option pricing model was used to calculate to estimate fair value of the options granted. The following assumptions were made: risk-free rate was 4.50%; expected life of option was 2 or 3 years; expected volatility of stock for the two and three year options was 215.6% and 238.3%, respectively.

During the year ended December 31, 2005, the Company valued stock options using the intrinsic value method prescribed by APB 25. Since the exercise price of stock options previously issued was greater than or equal to the market price on grant date, no compensation expense was recognized.

NOTE 3 - INCOME TAXES

As of December 31, 2007, the Company had a net operating loss carry forward for income tax reporting purposes of approximately $17,484,445 that may be offset against future taxable income through 2026. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carry-forwards will expire unused. Accordingly, the potential tax benefits of the loss carry-forwards are offset by a valuation allowance of the same amount.

	2007	2006
Net Operating Losses	$ 2,622,667	$ 2,860,236
Valuation Allowance	(2,622,667)	(2,860,236)
	$ -	$ -

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KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INCOME TAXES (continued)

The provision for income taxes differs from the amount computed using the federal US statutory income tax rate as follows:

	2007	2006
Provision (Benefit) at US Statutory Rate	$ (237,569)	$ 119,907
Increase (Decrease) in Valuation Allowance	237,569	(119,907)
	$ -	$ -

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation is reflected in current income.

NOTE 4 - LEASE COMMITMENT

During the month of June, 2007, the Company terminated a month to month lease of approximately 700 square feet of office space from Poulton & Associates. The rent payments, under the terms of the terminated lease were approximately $800 per month.

NOTE 5 - RESEARCH AND DEVELOPMENT

Research and development of the Klever-Kart System began with the sole purpose of reducing thefts of shopping carts. A voice-activated alarm system was envisioned. As time and technology progressed, the present embodiment of the Klever-Kart System evolved into a "product specific" point-of-purchase advertising system consisting of an easily readable electronic display that attaches to any shopping cart, a shelf mounted message sending unit that automatically sends featured products' ad-message to the display and a host computer using proprietary software.

During the year ended December 31, 2007 and 2006, the Company expended $0 and $0 respectively for research and development of the technology involved with its patents.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 6- RELATED PARTY TRANSACTIONS

Olson Holdings, Inc. loans to the Company

Olson Holdings, Inc. made a $150,000 unsecured loan to the Company on February 26, 2001. This note has a six-month term at 10% annual interest maturing on August 26, 2001. The maker of the note may give written notice within 10-days of maturity, to the Company, to convert the principal and interest into common stock with a convertible price of $1.05 (10-day weighted average from February 26, 2001 and the nine days prior).

Olson Holdings made an unsecured loan to the Company on January 7, 2002 for $1,836. This note has an annual interest rate of 8% and matures on January 7, 2004. An option was granted in connection with this note for 3,060 shares at a strike price of $1.00 and an expiration date of January 7, 2005.

On September 30, 2007, the principal balance due on the loans of $151,836 was converted to 607,343 shares of common restricted stock at $.25 per share and the accrued interest totaling $139,551 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $297,139.

Olson Foundation loans to the Company

Olson Foundation loaned the Company $60,000 on July 16, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 15, 2002. Principal and all due and unpaid interest are to be paid on January 16, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 16, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

Olson Foundation loaned the Company $90,000 on July 30, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 30, 2002. Principal and all due and unpaid interest are to be paid on January 30, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 27,273 common shares at a strike price of $0.01 and an expiration date of July 30, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 6- RELATED PARTY TRANSACTIONS (continued)

Olson Foundation made unsecured loans to the Company on May 3, 2002, August 16, 2002, and October 29, 2002 for $7,359, $10,000, and $1,059, respectively. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Olson Foundation also received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned.

On September 30, 2007, the principal balance due on the loans of $168,418 was converted to 673,673 shares of common restricted stock at $.25 per share and the accrued interest totaling $220,375 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $270,155.

Presidio Investments, LLC loan to the Company

Presidio Investments, LLC has loaned the Company $1,000,000, which loan is secured by a blanket lien on the assets of the Company. The sole trustee of Presidio Investments, LLC is William J. Howard, trustee of the Olson Legacy Trust, whose residual beneficiary is the Olson Foundation. The Olson Foundation was the guarantor for funds borrowed from Northern Trust Bank which funds were used to make the loan to the Company. This note was amended on March 22, 2001 with an additional $500,000 loaned to the Company between January 1, 2001 and March 22, 2001. An Interest rate of 8% applies until March 31, 2001 and increases to 10% on April 1, 2001. Principal and all due and unpaid interest are to be paid on October 1, 2001. This note is convertible to Class C convertible preferred shares at the option of the note holder.

On September 30, 2007, the principal balance due on the loans of $1,500,000 was converted to 6,000,000 shares of common restricted stock at $.25 per share and the accrued interest totaling $1,483,019 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $2,542,713.

The Seabury Group Loan to the Company

The Seabury Group loaned the Company $60,000 on July 5, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 5, 2002. Principal and all due and unpaid interest are to be paid on January 5, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 5, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 6- RELATED PARTY TRANSACTIONS (continued)

The Seabury Group loaned the Company $190,000 on August 22, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until February 22, 2002. Principal and all due and unpaid interest are to be paid on February 22, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 57,576 common shares at a strike price of $0.01 and an expiration date of August 22, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

On September 30, 2007, the principal balance due on the loans of $150,000 was converted to 1,000,000 shares of common restricted stock at $.25 per share and the accrued interest totaling $348,000 was forgiven and included in extraordinary gain from troubled debt restructuring. At December 31, 2007 and 2006, the total amount due on these notes was $0 and $464,601.

Arbinger Loans to the Company

The Arbinger Institute has made $41,893 in loans to the Company. As part of a restructure process, the accrued interest of $14,749 was converted to 58,996 shares of common restricted shares at the rate of .25 cents per share. The 68,467 associated options have expired.

At December 31, 2007 and 2006, the total amount due on these loans is $41,893 and $49,905, respectively.

Director and Officer Loans to the Company

During the year ended December 31, 2006, two former officers and directors loaned the Company $16,500. The loans are due on demand and carry an interest rate of 8% per annum. On September 30, 2007, $776 of interest was converted to 3,105 common restricted stock at $.25 per share. At December 31, 2007 and 2006, the total due on these loans was $17,797 and $17,545, respectively.

NOTE 7 - NOTES PAYABLE

During 2002, the Company received loans of $45,000 from third parties. The loans are demand loans and carry an interest rate of 8% per annum. At December 31, 2007 and 2006, the total amount due on these loans is $69,124 and $65,148, respectively.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 8- STOCK OPTIONS

The shareholders approved, by a majority vote, the adoption of the 1998 Stock Incentive Plan (the "Plan"). As amended on August 11, 2003, the Plan reserves 20,000,000 shares of common stock for issuance upon the exercise of options which may be granted from time-to-time to officers, directors and certain employees and consultants of the Company or its subsidiaries. The Plan permits the award of both qualified and non-qualified incentive stock options. On August 18, 2003, the Company registered its "Amended Stock Incentive Plan of Klever Marketing, Inc." on Form S-8.

As of December 31, 2007, 794,800 options were outstanding. The Company granted 545,000 options during 2007, of which 545,000 expire in three years. Compensation expense charged to operations for the twelve months ended December 21, 2007 is $19,891.

The following table sets forth the options and warrants outstanding as of December 21, 2007.

	Option / Warrants Shares		Weighted Average Exercise Price	Weighted Average Fair Value
Options & warrants outstanding,				
December 31, 2006	5,070,388	$	0.18	
Granted, Exercise price more than fair value	545,000	$	0.75	-
Granted, Exercise price less than fair value	-		-	-
Expired	4,820,588	$	0.13	
Exercised	-		-	
Options & warrants outstanding,				
December 21, 2007	794,800	$	0.75	

Exercise Price	Shares / Warrants Outstanding	Weighted-Average Exercise Price	Shares/ Warrants Currently Exercisable	Weighted-Average Exercise Price Currently Exercisable	Weighted-Average Contractual Remaining Life
0.50	397,400	0.50	397,400	0.50	24 months
1.00	397,400	1.00	397,400	1.00	24 months

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NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PREFERRED STOCK

On February 7, 2000 the Board of Directors authorized and established "Class A Voting Preferred Stock" ("Class A Shares") as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class A Shares consisted of 1,000,000, 125,000 shares thereof were designated as Series 1 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class A voting preferred stock to 55,000 shares.

Class A Shares are convertible into Common Stock at an initial conversion price of $2.60 (subject to adjustment).

Holders of Class A Shares shall be entitled to receive when and as declared by the Board of Directors of the Company out of any funds at the time legally available therefor dividends at the rate of $2.20 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividend shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class A Shares, Series 1, for each outstanding Class A Share, on each dividend payment date. In addition,

each holder of Class A Shares shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis. If there is a split or dividend on the Common Stock, then the Class A Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class A Shares.

Class A Shareholders shall be entitled to one vote for each share of Common Stock into which such Class A Shares could then be converted, and shall have voting rights and powers equal to that of a holder of Common Stock. The Holders of Class A Shares shall vote with the holders of Common Stock and not as a separate class.

Class A Shares carry a liquidation preference of $26 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class A Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after July 1, 2002. The redemption price shall be $26 per share together with accrued but unpaid dividends on such shares, if any.

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NOTE 9 - PREFERRED STOCK (continued)

On September 24, 2000 the Board of Directors authorized and established “Class B Voting Preferred Stock” (“Class B Shares”) as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class B Shares consisted of 250,000, 125,000 shares thereof were designated as Series 1 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class B voting preferred stock to 42,000 shares.

Class B Shares are convertible into Common Stock at an initial conversion price of $1.70 (subject to adjustment).

Holders of Class B Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class B Shares, of the same Series for which the dividend is accrued, for each outstanding Class B Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class B Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class B Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class B Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class B Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class B Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class B Shares.

Class B Shareholders shall be entitled to one vote for each share of Common Stock into which such Class B Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class B Shares shall vote with the holders of shares of Common Stock and not as a separate class.

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PREFERRED STOCK (continued)

Class B Shares shall carry a liquidation preference of $17 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class B Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after March 24, 2004 for Series 1, and such date as determined by the Board of Directors for each additional Series. The redemption price shall be $17.00 per share together with accrued but unpaid dividends on such shares, if any.

On January 2, 2001 the Board of Directors authorized and established “Class C Voting Preferred Stock” (“Class C Shares”) as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class C Shares consisted of 500,000, 125,000 shares thereof were designated as Series 1 shares and 125,000 shares thereof were designated as Series 2 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class C voting preferred stock to 150,000 shares.

Class C Shares are convertible into Common Stock at an initial conversion price of $.66 (subject to adjustment).

Holders of Class C Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class C Shares, of the same Series for which the dividend is accrued, for each outstanding Class C Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class C Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class C Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class C Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class C Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class C Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class C Shares.

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PREFERRED STOCK (continued)

Class C Shareholders shall be entitled to one vote for each share of Common Stock into which such Class C Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class C Shares shall vote with the holders of shares of Common Stock and not as a separate class.

Class C Shares shall carry a liquidation preference of $6.60 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class C Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after July 2, 2004 for Series 1, and such date as determined by the Board of Directors for each additional Series. The redemption price shall be $6.60 per share together with accrued but unpaid dividends on such shares, if any.

On May 20, 2002, the Board of Directors authorized and established “Class D Voting Preferred Stock” (“Class D Shares”) as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class D Shares consist of 500,000 shares thereof are designated as “Class D Voting Preferred Stock” (the “Class D Shares”).

Class D Shares are convertible into Common Stock at an initial conversion price of $1.05
(subject to adjustment).

Holders of Class D Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class D Shares for each outstanding Class D Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class D Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class D Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class D Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the

KLEVER MARKETING, INC.
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NOTE 9 - PREFERRED STOCK (continued)

Class D Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then
the Class D Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class D Shares.

Class D Shareholders shall be entitled to one vote for each share of Common Stock into which such Class D Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class D Shares shall vote with the holders of shares of Common Stock and not as a separate class.

Class D Shares shall carry a liquidation preference of $10.50 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class D Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after May 14, 2007. The redemption price shall be $10.50 per share together with accrued but unpaid dividends on such shares, if any.

NOTE 10 - LITIGATION

On October 27, 2003, Thomas J. LaLanne, assignee of eiKart, LLC., filed against the Company in the Third Judicial District Court of Utah under the provisions of the Utah Foreign Judgment Act, a judgment from the Superior Court of California, in and for the County of San Francisco Jurisdiction. The judgment was in relation to a consulting agreement between eiKart, LLC. and the Company. This judgment was included in the financial statements as part of accrued liabilities at December 31, 2006. In June 2007, this litigation was settled in full out-of court by a cash payment of $10,000 and the remainder of the liability of $80,448 was included in the statement of operations as extraordinary income

On September 6, 2002, an entry of judgment was entered against the Company by Micropower Direct, LLC. The total judgment was for $17,167.18. During 2006, this judgment was paid in full.

On December 12, 2005 Klever Marketing was summoned, and a complaint was filed in the Third District Court of the State of Utah, by Dennis Shepard, one of the partners of S&C Medical. The complaint contested Klever Marketing's cancellation of an attempted deal with S&C medical in December of 2001. On January 13, 2006, Klever Marketing answered their

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LITIGATION (continued)

complaint and filed a counter claim against S&C Medical. During 2007,this litigation was settled out-of court, resulting in a favorable depreciation of the claim sought, and full and complete resolution in this matter, also resulting in the return of 992,100 shares of common stock to the Company's treasury. These shares were subsequently cancelled.

During 2006, Arthur Portugal, a former officer of the Company, filed a formal claim asserted for approximately $125,000 for past due executive compensation including stock options. Mr. Portugal previously filed a formal administrative wage claim in California which is inactive and no longer pending. As of December 31, 2007, the Company has accrued compensation of $96,700 for Mr. Portugal as part of his employment agreement through June 30, 2006. The Company also has accrued notes payable of $10,303 due to Mr. Portugal.

In addition to the claim for Arthur Portugal, there are other claims for unpaid salary and benefits due to former officers and employees that exist on the balance sheet as current liabilities, Management has either completed or is in the process of negotiating with a number of these claimants in order to conclude agreements that would allow these liabilities to be settled in the form of payment by cash, stock and stock options. As of December 31, 2007, the total amount of claims for accrued but unpaid salary and benefits is $460,195

NOTE 11 - STOCK TRANSACTIONS

During the year ended December 31, 2006, the Company issued 586,000 shares of common stock for cash of $146,500. The shares were sold for $.25 per share.

In December 2006, the Company issued 2,788 shares of common stock for general and administrative expenses of $697. The shares were valued at $.25 per share.

In October 2006, the Company issued 24,000 shares of common stock for accounts payable of $6,000. The shares were valued at $.25 per share.

In December 2006, the Company issued 47,956 shares of common stock for accounts payable of $11,989. The shares were valued at $.25 per share.

On February 20, 2007, the company issued 200,000 shares of commons stock for cash of $50,000. The shares were valued at $.25 per share.

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 11 - STOCK TRANSACTIONS (continued)

On March 6, 2007 the company issued 40,000 shares of commons stock for cash of $10,000. The shares were valued at $.25 per share.

On April 9, 2007, the company received 992,100 shares of common stock as the result of litigation settlement. The shares were returned to treasury and cancelled.

On April 16, 2007, the Company issued 200,000 shares of common stock for cash of $50,000. The shares were valued at $.25 per share.

On June 1, 2007, the Company issued 60,000 shares of common stock for cash of $15,000. The shares were valued at $.25 per share.

On June 1, 2007, the Company issued 40,000 shares of common stock for cash of $10,000. The shares were valued at $.25 per share.

On June 28, 2007, the Company issued 120,000 shares of common stock for cash of $30,000. The shares were valued at $.25 per share.

On June 30, 2007, the Company issued 34,764 shares of common stock for payment of service in the amount of $8,691. The shares were valued at $.25 per share.

On July 24, 2007, the Company issued 20,000 shares of common stock for cash of $5,000. The shares were valued at $.25 per share.

On July 25, 2007, the Company issued 20,000 shares of common stock for cash of $5,000. The shares were valued at $.25 per share.

On July 26, 2007, the Company issued 20,000 shares of common stock for cash of $5,000. The shares were valued at $.25 per share.

On July 31, 2007, the Company issued 20,000 shares of common stock for cash of $5,000. The shares were valued at $.25 per share.

On August 3, 2007, the Company issued 50,000 shares of common stock for cash of $12,500. The shares were valued at $.25 per share.

On August 31, 2007, the Company authorized issuance of 150,000 shares of common stock for services rendered in the amount of $5,000. The shares were valued at $.03 per share. At December 31, 2007, these had not been issued.

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 11 - STOCK TRANSACTIONS (continued)

On September 28, 2007, the Company issued 180,000 shares of common stock for cash of $45,000. The shares were valued at $.25 per share.

On September 30, 2007, the company issued 150,000 shares of commons stock for services rendered in the amount of $7,500. The shares were valued at $.05 per share. At December 31, 2007, these shares had not been issued.

On September 30, 2007, the Company issued the following shares of common stock: 8,281,016 shares for notes payable of $2,070,254; 62,101 shares for accrued interest of $15,525; 33,224 shares for accounts payable of $8,306. The shares were valued at $.25 per share.

On October 31, 2007, the Company authorized issuance of 150,000 shares of common stock for services rendered in the amount of $5,000. The shares were valued at $.03 per share. At December 31, 2007, these had not been issued.

On December 7, 2007, 6,594,566 shares of common stock were returned to the Company and held as treasury stock, On the same date, 1,424,566 of these shares were cancelled.

On December 7, 2007, the Company issued 120,000 shares of common stock for cash of $30,000. The shares were valued at $.25 per share.

NOTE 12 - LICENSE AGREEMENT

On May 11, 2004, Media Cart, Inc. acquired from the Company a limited exclusive license to use the Company's United States patent portfolio for electronic display devices specific to Media Cart's product design. Under the license agreement, Media Cart paid the Company $200,000 and will pay ongoing royalties for all Media Cart products that utilize the Company's licensed technology.

On February 15, 2005 ModStream Digital Messaging Products, LLC acquired from the Company limited non-exclusive licensees to use the Company's United States patent portfolio for electronic display devices specific to ModStreams product design. This product design is limited to a 80 character dot-matrix LCD-type screen with limited alerts, and does not include full motion video or product scanning. Under the license agreement, ModStream paid the Company $150,000 and will pay ongoing royalties for all ModStream products that utilize the specific components of the Company's licensed technology.

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 13 - SALE OF PATENTS

On August 27, 2004, the Company sold all of its international patents for $350,000. The international patents comprised approximately 69% of the total patents the Company owned. At December 31, 2007 and 2006, the Company was still owed $25,000 relating to this sale. The Company has been in communication with the buyer of the patents regarding the receivable of $25,000, and believes it will be collected in 2008.

NOTE 14 - UNCERTAIN TAX POSITIONS

Effective January 1, 2007, the company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The adoption of the provisions of FIN 48 did not have a material impact on the company's condensed consolidated financial position and results of operations. At January 1, 2007, the company had no liability for unrecognized tax benefits and no accrual for the payment of related interest.

Interest costs related to unrecognized tax benefits are classified as "Interest expense, net" in the accompanying consolidated statements of operations. Penalties, if any, would be recognized as a component of "Selling, general and administrative expenses". The Company recognized $0 of interest expense related to unrecognized tax benefits for the year ended December 31, 2007. In many cases the company's uncertain tax positions are related to tax years that remain subject to examination by relevant tax authorities. With few exceptions, the company is generally no longer subject to U.S. federal, state, local or non-U.S. income tax examinations by tax authorities for years before 2003. The following describes the open tax years, by major tax jurisdiction, as of December 31, 2007:

United States (a)	2004 – Present

(a) Includes federal as well as state or similar local jurisdictions, as applicable.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KLEVER MARKETING, INC.

Dated: April 14, 2008 By /S/ William C. Bailey
William C. Bailey
Chairman
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on this 14th day of April 2008.

Signatures	Title
/S/ William C. Bailey William C. Bailey	Chairman (Principal Executive Officer)
/S/ John L. Hastings III John L. Hastings III	Director & Interim President & CEO, as of 11/10/06
/S/ Craig Poulton Craig Poulton	Director
/S/ Michael L. Mills Michael L. Mills	Director
/S/ Bernadette Suckel Bernadette Suckel	Director & Interim COO, as of 11/10/06
/S/ Jeremiah Cox Jeremiah Cox	Director & CFO
/S/ Paul G. Begum Paul G. Begum	Director & Secretary Treasurer