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Camelot Entertainment Group, Inc.
Form 10QSB
August 16, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB
(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2004

OR

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

For the transition period from to

Commission file number 000-3078

CAMELOT ENTERTAINMENT GROUP, INC.
(FKA DSTAGE.COM, INC.)

(Exact name of registrant as specified in its charter)

Delaware 52-2195605

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

100 E. San Marcos Blvd. # 400
San Marcos, California 92069

(Address of principal executive offices (zip code))

(760) 510-5930

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the
last 12 months (or for such shorter period that the registrant was required to file such
reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

As of June 30, 2004, the Registrant had outstanding 61,783,638 shares of Common Stock, \$0.001
par value.

**CAMELOT ENTERTAINMENT GROUP, INC. (FKA DSTAGE.COM, INC.)
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THIS REPORT ON FORM 10-QSB CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, WHICH ARE SUBJECT TO THE "SAFE HARBOR" CREATED BY THOSE SECTIONS. THESE FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO STATEMENTS CONCERNING OUR BUSINESS OUTLOOK OR FUTURE ECONOMIC PERFORMANCE; ANTICIPATED PROFITABILITY, REVENUES, EXPENSES OR OTHER FINANCIAL ITEMS; AND STATEMENTS CONCERNING ASSUMPTIONS MADE OR EXCEPTIONS AS TO ANY FUTURE EVENTS, CONDITIONS, PERFORMANCE OR OTHER MATTERS WHICH ARE "FORWARD-LOOKING STATEMENTS" AS THAT TERM IS DEFINED UNDER THE FEDERAL SECURITIES LAWS. ALL STATEMENTS, OTHER THAN HISTORICAL FINANCIAL INFORMATION, MAY BE MARKET TO BE FORWARD-LOOKING STATEMENTS. THE WORDS "BELIEVES", "PLANS", "ANTICIPATES", "EXPECTS", AND SIMILAR EXPRESSIONS HEREIN ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND OTHER FACTORS, WHICH WOULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN SUCH STATEMENTS. FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN "FACTORS THAT MAY AFFECT FUTURE RESULTS," AND ELSEWHERE IN THIS REPORT, AND THE RISKS DISCUSSED IN THE COMPANY'S OTHER SEC FILINGS.

PART I - FINANCIAL INFORMATION

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CAMELOT ENTERTAINMENT GROUP, INC.
(fka Dstage.com, Inc.)
BALANCE SHEET
(A Development Stage Company)
June 30, 2004
(Unaudited)

ASSETS

CURRENT ASSETS:

Cash	\$	8,311
------	----	-------

OTHER ASSETS:

Investments

Licensing Agreements and Technologies

Patents

Total assets	\$	8,311
--------------	----	-------

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$	164,549
--	----	---------

Due to officers		87,500
-----------------	--	--------

Total current liabilities		252,049
---------------------------	--	---------

STOCKHOLDERS' EQUITY

Preferred stock, \$.001 par value, 50,000,000		0
---	--	---

shares authorized, none issued and outstanding

Common stock, \$.001 par value, 150,000,000		61,784
---	--	--------

shares authorized, 61,783,638 issued and

outstanding

Additional paid-in capital		6,312,987
----------------------------	--	-----------

Subscriptions under financing agreement		(207,535)
---	--	-----------

(Deficit) accumulated during the development stage		(6,410,974)
--	--	-------------

Total stockholders' equity		(243,738)
----------------------------	--	-----------

Total liabilities and stockholders' equity	\$	8,311
--	----	-------

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAMELOT ENTERTAINMENT GROUP, INC.
(fka Dstage.com, Inc.)
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(Unaudited)

	For the 3 months ended		For the 6 months ended		Cummulative from October 12, 1999 (Inception) to
	June 30,2004	June 30,2003	June 30,2004	June 30,2003	June 30,2004
Revenue:					
Professional services	\$ 0		\$ 0		\$ 58,568
Expenses:					
Cost of services					95,700
Sales and marketing					53,959
Research and development					252,550
General and administrative	219,851	101,980	351,532	147,980	3,178,656
Impairment of assets					2,402,338
Impairment of investments in other companies					710,868
Total expenses	219,851	101,980	351,532	147,980	6,694,071
Income (loss) from operations	(219,851)	(101,980)	(351,532)	(147,980)	(6,635,503)
Interest (expense)		(4,179)		(8,179)	(9,294)
Other income (expense), net					(21,677)
Gain on extinguishment of debt					255,500
Net (loss)	\$ (219,851)	\$ (106,159)	\$ (351,532)	\$ (156,159)	\$ (6,410,974)
Net (loss) per share:					
Basic & diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic & diluted	41,249,763	16,271,601	41,000,128	16,271,601	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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	\$0
Issuance of shares for cash at \$.02 per share	
	1,000,000
	1,000
	19,000
	20,000
Issuance of shares for services at \$.02 per share	
	2,600,000
	2,600
	49,400
	52,000
Issuance of shares for expense reimbursement	
	834,569
	835
	15,856
	16,691
at \$.02 per share	
	0
Net (loss)	

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(66,796)

(66,796)

Balance, December 31, 1999

4,434,569
 4,435
 0
 0
 84,256
 (66,796)
 0
 0
 21,895

Issuance of shares for conversion of notes

1,000,000
 1,000

19,000

payable at \$.02 per share

20,000

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	0
Issuance of shares for services at \$.02 per share	
	750,000
	750
	14,250
	15,000
Issuance of shares for cash at \$1.00 per share	
	10,835
	11
	10,824
	10,835
Issuance of shares for conversion of notes	
	15,000
	15
	14,985
	15,000
payable at \$1.00 per share	
	0
Issuance of shares for expense reimbursement	

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	4,630
	4
	4,626
at \$1.00 per share	4,630
	0
Issuance of shares for services at \$1.00 per share	107,000
	107
	106,893
Investment in other companies by issuance	107,000
	710,000
	710
	709,290
of shares at \$1.00 per share	710,000
	0
	14

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Issuance of shares for prepaid services at

195,000
195

194,805

at \$1.00 per share

195,000

Issuance of shares for deferred compensation

0

89,000
89

88,911

to officers, directors and controlling parties

89,000

at \$1.00 per share

0

(89,000)

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Deferred compensation expensed (89,000)

Net (loss) 21,920
21,920

(954,329)

(954,329)

Balance, December 31, 2000

7,316,034
7,316
0
0
1,247,840
(1,021,125)
0
(67,080)
166,951

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Issuance of shares for expense reimbursement	1,248 1
	5,616
Issuance of shares for prepaid services	5,617
	337,208 337
	400,407
Property & equipment lease by issuance of shares	400,744
	1,000,000 1,000
	1,149,000
Licensed technology by issuance of shares	1,150,000
	2,270,000 2,270
	35,730
Issuance of shares for deferred compensation	38,000
	1,122,944 1,123
	1,297,229

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to officers, directors and related parties	1,298,352
	(1,298,352)
Issuance of shares for developed	(1,298,352)
	16,667
	17
	19,150
technology expensed	19,167
	0
Forgiveness of debt by shareholder	
	31,489
	31,489
Related party services paid for by shareholder	
	25,500
	18

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Deferred compensation expensed 25,500

Net (loss) 315,423
315,423

(1,875,683)

(1,875,683)

Balance at December 31, 2001

12,064,101
12,064
0
0
4,211,961
(2,896,808)
0
(1,050,009)
277,208

Issuance of shares for deferred compensation

to officers, directors and related parties 0

Issuance of shares for services 0
 1,207,500
 1,208

150,367

Licensed technology by issuance of shares (151,575)
 0

3,000,000
 3,000

897,000

Deferred compensation expensed 900,000

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Purchase of treasury stock in exchange	0
	(1,500,000)
	(1,500)
for licensed technology	(1,500)
Purchase of treasury stock in exchange	0
	(900,000)
	(900)
	900
for capital lease	1,201,584
	1,201,584
Net (loss)	0

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(3,000,982)

(3,000,982)

Balance at December 31, 2002

16,271,601
 16,272
 (2,400,000)
 (2,400)
 5,260,228
 (5,897,790)
 0
 0
 (623,690)

Issuance of shares for debt

20,000,000
 20,000

204,296

Retirement of treasury shares

224,296

(2,400,000)
 (2,400)

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	2,400,000
	2,400
	0
Cancellation of shares previously issued	(15,168)
	(15)
	15
	0
Net (loss)	(161,652)
	(161,652)
<hr/>	
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Balance at December 31, 2003	33,856,433
	33,857
	0
	0
	5,464,539
	(6,059,442)
	0
	0
	(561,046)

Shares issued for services

100,000
100

2,900

Shares issued for financing

3,000

6,791,287
6,791

196,948

Subscriptions receivable for financing agreement

203,739

0
0

(116,069)

Net (loss) for the three months ended March 31, 2004

(116,069)

0
0

(131,681)

(131,681)

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Balance at March 31, 2004

40,747,720
 40,748
 0
 0
 5,664,387
 (6,191,123)
 (116,069)
 0
 (602,057)

Shares issued for payables

15,548,051
 15,548

421,952

Shares issued for services

437,500

850,000
 850

92,150

Shares issued for financing

93,000

4,637,867
 4,638

134,498

Subscriptions received for financing agreement

139,136

	(91,466)
Net (loss) for the three months ended June 30, 2004	(91,466)
	(219,851)
	(219,851)
Balance at June 30, 2004	61,783,638
	\$61.784
	\$0
	\$0
	\$6,312,987
	(\$6,410,974)
	(\$207,535)
	\$0
	(\$243,738)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAMELOT ENTERTAINMENT GROUP, INC.
(fka Dstage.com, Inc.)
(A Development Stage Company)
STATEMENTS OF CASH FLOW
(Unaudited)

	For the three months		For the six months		Cumulative from October 12, 1999 (Inception) to June 30, 2004
	ended June 30,		ended June 30,		
	2004	2003	2004	2003	
OPERATING ACTIVITIES					
Net (loss) income for the period	\$ (219,851)	\$ (106,159)	\$ (351,532)	\$ (156,159)	\$ (6,410,974)
Adjustments to reconcile net (loss) to cash provided (used) by operating activities:					
Gain on extinguishment of debt					(255,500)
Depreciation					3,997
Amortization of deferred compensation					1,538,927
Common stock issued for services	530,500	-	533,500	-	707,500
Common stock issued for expense reimbursement					22,051
Common stock issued for technology					19,167
Impairment of investments in other companies					710,868
Impairment of assets					2,628,360
Prepaid services expensed					530,104
Expenses paid through notes payable proceeds					66,445
Loss on disposal of property and equipment					5,854
Change in assets and liabilities:					
Increase (decrease) in accounts payable	0	106,159	0	156,159	0
Increase (decrease) in due to officers	(350,000)	0	(262,500)	0	87,500
Increase (decrease) in accrued liabilities	(8)	0	(7)	0	164,549
Net Cash provided (used) by operating activities	(39,359)	0	(80,539)	0	(181,152)
Cash flows from investing activities:					
Purchase of fixed assets					(6,689)
Cash provided (used) from investing activities	0	0	0	0	(6,689)
Cash flows from financing activities:					

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Contributed capital					25,500
Proceeds from issuance of common stock	47,670	0	88,850	0	166,175
Increase (decrease) in notes payable					4,477
Cash provided (used) in financing activities	47,670	0	88,850	0	196,152
Increase in cash	8,311	0	8,311	0	8,311
Cash at beginning of period	0	0	0	0	-
Cash at end of period	\$ 8,311	\$ 0	\$ 8,311	\$ 0	\$ 8,311

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAMELOT ENTERTAINMENT GROUP, INC.
(fka Dstage.com, Inc.)
(A Development Stage Company)
STATEMENTS OF CASH FLOW - CONTINUED
(Unaudited)

	For the three months		For the six months		Cumulative from October 12, 1999 (Inception) to June 30, 2004
	ended June 30,		ended June 30,		
	2004	2003	2004	2003	
SUPPLEMENTAL CASH FLOW INFORMATION:					
Interest paid	\$ 0	(\$4,179)	\$ 0	(\$8,179)	\$ 31,000
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:					
Issuance of common stock for property and equipment				\$	1,153,162
Issuance of common stock for licensed technology				\$	938,000
Purchase of treasury stock in exchange for property and technology				\$	2,400
Purchase of licensed technology for debt to seller				\$	250,000
Issuance of common stock for prepaid and other assets				\$	1,726
Prepayment of services for common stock				\$	2,046,000
Investments in other companies				\$	710,000
Conversion of debt to common stock				\$	225,500
Forgiveness of debt by stockholder				\$	31,489
Decrease (Increase) of subscription receivable for advances	(\$91,466)		\$ 47,670		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAMELOT ENTERTAINMENT GROUP, INC. (FKA DSTAGE.COM, INC.)

NOTES TO FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2004 AND JUNE 30, 2003

1. ORGANIZATION AND BASIS OF PRESENTATION

Camelot Entertainment Group, Inc. fka Dstage.com, Inc. (the *Company*), a Delaware Corporation, was incorporated with the intention of providing services and resources to entrepreneurs looking to launch novel products and ventures worldwide in exchange for an interest in the startup ventures. On April 16, 2004, the Company filed a Definitive Schedule 14-C Information Statement disclosing the approval of a majority of the shareholders to change the name of the Company to Camelot Entertainment Group, Inc., increase the authorized common shares to 150,000,000 and to authorize 50,000,000 preferred shares. The shareholders also approved the adoption of a 2004 stock option plan authorized to issue 50,000,000 shares. The actions became effective on May 12, 2004.

The Company's activities since inception have consisted of raising capital, recruiting a management team and entering into ventures and alliances with Affiliates. The Company has substantially relied on issuing stock to officers, directors, professional service providers and other parties in exchange for services and technology. As of June 30, 2004 the Company had written-off all of its investments due to impairments in the carrying value of the assets. Since inception, impairment of investments in other companies and of long-lived assets accounts for approximately 50% of the Company's net losses.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had minimal revenues, has experienced material operating losses and has a stockholders deficit. These conditions, the loss of financial support from Affiliates, and the failure to secure a successful source of additional financial resources raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the classification of liabilities that may result from the outcome of this uncertainty.

Management's plans with respect to the current situation consist of restructuring the Company's debt and seeking additional financial resources from existing investors or others in implementing its new business model. However, instability in the stock price may make it difficult to find parties willing to accept the Company's restricted shares of common stock in exchange for cash and or services required to execute its Plan of Operation. There is no assurance that such resources would be made available to the Company, or that they would be on financially viable terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis Of Presentation

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles and in accordance with current securities regulations these unaudited financial statements have been reviewed by our independent auditors. These financial statements reflect all adjustments which are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the interim periods. Such financial statements generally conform to the presentation reflected in the Company's Form 10-KSB filed with the Securities and Exchange Commission for the year ended December 31, 2003. The current interim period reported herein should be read in conjunction with the Company's Form 10-KSB subject to independent audit at the end of the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Substantial estimates have been used regarding lives of assets, impairment of investments in other companies and impairment of long-lived assets and prepaid expenses, which may not be realized. Actual results could differ materially from those estimates.

Income taxes

The Company provides for income taxes based on the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes which, among other things, requires that recognition of deferred income taxes be measured by the provisions of enacted tax laws in effect at the date of financial statements.

Financial Instruments

Financial instruments consist primarily of obligations under accounts payable and accrued expenses, notes payable and capital lease obligations. The carrying amounts of accounts payable and accrued expenses approximate fair value because of the short maturity of those instruments. The carrying value of notes payable and capitalized lease obligations approximate fair value because they contain market value interest rates and have specified repayment terms. The Company has applied certain assumptions in estimating these fair values. The use of different assumptions or methodologies may have a material effect on the estimates of fair values.

Impairment of long-lived assets

Impairment of long-lived assets is assessed by the Company whenever there is an indication that the carrying amount of the asset may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows generated by those assets to the assets net carrying value. The amount of impairment loss, if any, is measured as the difference between the net book value of the assets and the estimated fair value of the related assets.

Loss Per Common Share

The Company has adopted SFAS No. 128, *Earnings per Share*, which supercedes APB No. 15. Basic EPS differs from primary EPS calculation in that basic EPS does not include any potentially dilutive securities. Diluted EPS must be disclosed regardless of the dilutive impact to basic EPS. There were no potentially dilutive securities outstanding at December 31, 2003.

Revenue Recognition

Revenue consists of professional services. Revenues for services are recognized when the services are rendered. The amounts of such revenues are recorded based on the value of compensation received for the services. In the Company's current operations, compensation to the Company has consisted of stock in start up companies to whom the services were rendered.

Stock Based Compensation

Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure (*SFAS 148*). SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also amends the disclosure requirements of SFAS 123 to require more prominent disclosures in annual and interim financial statements with regard to the method of accounting for stock-based employee compensation and the impact of the method used on reported results. The Company has elected to adopt the recognition provisions of SFAS 148 for stock-based compensation recorded for fiscal years beginning after December 15, 2002. The interim disclosure requirements of SFAS 148 are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002.

3. GOING CONCERN UNCERTAINTIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has experienced recurring operating losses and negative cash flows from operations, which raise substantial doubt about its ability to continue as a going concern. The Company's continued existence is dependent upon its ability to increase operating revenues and/or obtain additional