

Camelot Entertainment Group, Inc.  
Form 10QSB  
November 14, 2006

**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 nine months ended, September 30, 2006  
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.**

\_\_\_\_\_  
(Exact name of registrant as specified in its charter)

Delaware

52-2195605

\_\_\_\_\_  
(State or other jurisdiction of  
incorporation or organization)

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

2020 Main Street #990  
Irvine, CA 92614

\_\_\_\_\_  
(Address of principal executive offices (zip code))

(949) 777-1090

\_\_\_\_\_  
(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 x No o

As of September 30, 2006, the Registrant had outstanding 93,649,589 shares of Common Stock, \$0.001 par value.



**CAMELOT ENTERTAINMENT GROUP, 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.

**Camelot Entertainment Group, Inc.**  
Balance Sheet

**ASSETS**

September 30,  
2006  
Unaudited

<b>Current Assets</b>	
Cash	\$ 876
Prepaid Expenses	17,894
<b>Total Current Assets</b>	<b>18,770</b>
<b>Investments</b>	
Scripts Costs	113,300
<b>Subtotal</b>	<b>113,300</b>
<b>Total Assets</b>	<b>\$ 132,070</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	
<b>Current Liabilities</b>	
Accounts Payable and accrued liabilities	\$ 377,324
Stockholder advances	401,982
<b>Total Current Liabilities</b>	<b>779,306</b>
<b>Total Liabilities</b>	<b>779,306</b>
<b>Stockholders' Equity (Deficit)</b>	
Common Stock; Par Value \$.001 Per Share; Authorized 150,000,000 Shares; 93,649,589 Shares	
Issued and Outstanding.	93,649
Class A Convertible Preferred Stock; Par Value \$.001 per share	
Authorized, issued and outstanding 5,100,000 shares	5,100
Class B Convertible Preferred Stock; Par Value \$.001 per share	
Authorized, issued and outstanding 5,100,000 shares	5,100
Subscription Receivable	(258,072)
<b>Capital in Excess of Par Value</b>	<b>11,923,586</b>

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Deficit Accumulated During the Development Stage	(12,416,599)
Total Stockholders' Equity (Deficit)	(647,236)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 132,070

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

**Camelot Entertainment Group, Inc.**  
**Statements of Operations**  
**Unaudited**

	For the Three Months Ended,		For Nine Months Ended		From Inception on April 21, 1999 through September 30, 2006
	30-Sep 2006	30-Sep 2005	30-Sep 2006	30-Sep 2005	30, 2006
REVENUE	\$ -	\$ -	\$ -	\$ -	\$ 58,568
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 58,568
<b>EXPENSES</b>					
Costs of services					95,700
Sales and Marketing					53,959
Research & Development					252,550
General & Administrative	198,022	127,024	591,740	730,295	9,184,302
Impairment of assets					2,402,338
Impairment of investments in other companies					710,868
Total Expenses	198,022	127,024	591,740	730,295	12,699,721
NET OPERATING LOSS	(198,022)	(127,024)	(591,740)	(730,295)	(12,641,153)
<b>OTHER INCOME (EXPENSES)</b>					
Interest (Expense)	-	-	-	-	(9,294)
Other income (expense)	-	-	-	-	(21,652)
Gain on extinguishment of debt	-	-	-	-	255,500
Total Other Income (Expenses)	-	-	-	-	224,554
NET LOSS	\$ (198,022)	\$ (127,024)	\$ (591,740)	\$ (730,295)	\$ (12,416,599)
BASIC LOSS PER COMMON SHARE	(0.0021)	(0.0016)	(0.0063)	(0.0098)	\$ (0.29)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	93,649,589	83,075,965	93,649,589	83,075,965	42,178,165

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





**Camelot Entertainment Group, Inc.**  
Statements of Cash Flows  
Unaudited

	For Nine Months Ended		From Inception on April 21, 1999 through September
	September 30, 2006	September 30, 2005	September 30, 2006
<b>OPERATING ACTIVITIES</b>			
Net (loss) income for the period	\$ (591,740)	\$ (730,295)	\$ (12,416,599)
Adjustments to reconcile net (loss) to cash provided (used) by operating activities:			
Value of options expensed	-		351,000
Gain on extinguishment of debt	-		(255,500)
Depreciation			3,997
Amortization of deferred compensation	-		1,538,927
Common Stock issued for debt			194,171
Common Stock issued for services	-	384,843	1,939,732
Common Stock issued for expense reimbursement	-	55,462	354,788
Common Stock issued for technology			19,167
Impairment of investments in other companies	-		710,868
Impairment of assets			2,628,360
Prepaid services expensed	2,392		531,429
Expenses paid through notes payable proceeds			66,489
Loss on disposal of property and equipment			5,854
Preferred Stock issued to shareholder			3,366,000
Change in assets and liabilities:			
(increase) decrease in other current assets	(11,195)	(18,615)	(18,810)
Increase (decrease) in accounts payable & other a/p	290,914	55,876	409,381
Increase (decrease) in due to officers	-	-	-
<b>Net Cash provided (used) by operating activities</b>	<b>(309,629)</b>	<b>(252,729)</b>	<b>(570,745)</b>
Cash flows from investing activities:			
Purchase of fixed assets			\$ (6,689)
Purchase of assets-Script Costs	(94,500)	(12,400)	(113,300)
Cash provided (used) from investing activities	(94,500)	(12,400)	\$ (119,989)
Cash flows from financing activities:			
Contributed capital			25,500
Advanced from affiliate/shareholder loans for cash flow	401,982	264,512	629,658
-			
Proceeds from issuance of common stock			30,835

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Increase (decrease) in notes payable	0		-
<b>Cash provided (used) in financing activities</b>	307,482	264,512	570,481
Increase (decrease) in cash	(2,147)	(617)	(264)
Cash at beginning of period	3,023	1,140	1,140
Cash at the end of the period	\$ 876	\$ 523	\$ 876

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**Camelot Entertainment Group, Inc.**  
Statement of Cash Flows  
(Unaudited)

	For Nine Months Ended		From Inception on April 21, 1999 through September
	September 30, 2006	September 30, 2005	30, 2006
<b>Supplemental Cash Flow Information</b>			
Interest Paid	0	0	\$ 31,000
<b>Supplemental Disclosure of Non Cash Investing and Financing Activities:</b>			
Issuance of common stock for property and equipment	0	0	\$ 1,153,162
Issuance of common stock for licensed technology	0	0	938,000
Purchase of Treasury Stock	0	0	2,400
Issuance of common stock for debt	0	0	40,000
Purchase of licensed technology for debt to seller	0	0	250,000
Issuance of common stock for prepaid and other assets	0	0	1,726
Prepayment of services for common stock	0	0	2,046,000
Investments in other companies	0	0	710,000
Conversion of debt to common stock	0	0	225,500
Forgiveness of debt by stockholder	0	0	31,489

The accompanying notes are an integral part of these financial statements

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**Camelot Entertainment Group, Inc.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**

	Common Stock		Preferred Stock		Additional Paid-In Capital	(Deficit) Accumulated During Development Stage	Subscription Receivable	Deferred Compensation
	Shares	Amount	Shares	Amount				
Balance at January 1, 2004	33,856,433	33,857	0	0	5,464,539	-6,059,442	0	0
Shares issued for services	100,000	100	-	-	2,900	-	-	-
Shares issued for financing	6,791,287	6,791	-	-	196,948	-	-	-
Subscriptions receivable for financing agreement	0	0	-	-	-	-	-116,069	-
Net (loss) for the three months ended March 31, 2004	0	0	-	-	-	-131,681	-	-
Balance at March 31, 2004	40,747,720	\$ 40,748	0	\$ 0	5,664,387	(6,191,123.00)	(\$116,069)	\$ 0
Share issued for services	24,009,000	24,009	-	-	1,085,500	-	-	-
Share issued for financing	7,604,562	7,605	0	0	221,460	-	(316,003)	-
Advances offset sub a/r	-	-	-	-	-	-	174,000	-
Shares issued for debt	1,000,000	1,000	0	0	39,000	-	-	-
Shares issued for amt due	1,589,927	1,590	0	0	47,000	-	-	-
Value of option exercised	-	-	-	-	351,000	-	-	-
Net (loss)	-	-	-	-	-	(1,161,756)	-	-
Balance as of December 31, 2004	74,951,209	74952	0	0	7408347	(7,324,719)	-	-

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Net (loss) 1st quarter	-	-	-	-	-	(117,096)	-	-
<b>Balance at March 31, 2005</b>	<b>74,951,209</b>	<b>74,952 \$</b>	<b>0 \$</b>	<b>0</b>	<b>7,408,347</b>	<b>(7,441,815)</b>	<b>(258,072)\$</b>	<b>0</b>
Shares issued for consulting services	4,000,000	4,000	0	0	216,000	0	-	-
Shares issued for officers salaries	2,276,033	2,276	0	0	187,568	0	-	-
Shares issued to Eagle for expenses paid	1,848,723	1,849	0	0	79,078	0	-	-
Net Loss					-	(486,174)	-	-
Subtotals for 2nd quarter	8,124,756	8,125	0	0	482,646	(486,174)	-	-
<b>Balance at June 30, 2005</b>	<b>83,075,965</b>	<b>83,076</b>	<b>0</b>	<b>0</b>	<b>7,890,993</b>	<b>(7,927,989)</b>	<b>(258,072)</b>	<b>-</b>
Net Loss	-	-	-	-	- \$	(127,024)	-	- \$
<b>Balance at Sept 30, 2005</b>	<b>83,075,965</b>	<b>83,076</b>	<b>0</b>	<b>0</b>	<b>7,890,993 \$</b>	<b>(8,055,013)</b>	<b>(\$258,072)</b>	<b>-</b>
Shares issued for consulting services	233,547	233	0	0	9,767	-	-	-
Shares issued for officers salaries	3,538,263	3,538	0	0	171,462	-	-	-
Shares issued to Eagle for expenses paid	1,452,662	1,453	0	0	118,219	-	-	-

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Shares issued to Eagle	1,762,271	1,762	-	-	120,991	-	-	-
20% of shares issued								
Shares issued for	3,586,881	3,587	-	-	256,354	-	-	-
Shareholder loans 2005								
Net Loss 4th Quarter	- \$	- \$	- \$	- \$	- \$	(3,769,845)\$	- \$	- \$
Class A Preferred Stock issued	-	-	5,100,000	5,100	555,900	-	-	-
Class B Preferred Stock issued	-	-	5,100,000	5,100	2,799,900	-	-	-
<b>Balance at Dec 31, 2005</b>	<b>93,649,589</b>	<b>93,649</b>	<b>10,200,000</b>	<b>10,200</b>	<b>11,923,586</b>	<b>(11,824,859)</b>	<b>(258,072)</b>	<b>-</b>
Net Loss	-	-	-	-	-	(190,762)	-	-
<b>Balance at March 31, 2006</b>	<b>93,649,589</b>	<b>93,649</b>	<b>10,200,000</b>	<b>10,200</b>	<b>11,923,586</b>	<b>(12,015,621)</b>	<b>(258,072)</b>	<b>-</b>
Net Loss	-	-	-	-	-	(202,956)	-	-
Balance at June 30, 2006	93,649,589	93,649	10,200,000	10,200	11,923,586	(12,218,576)	(258,072)	-
Net Loss	-	-	-	-	-	(198,022)	-	-
Balance at September 30, 2006	93,649,589	93,649	10,200,000	10,200	11,923,586	(12,416,599)	(258,072)	-

The accompanying notes are an integral part of these financial statements