

Data Storage Corp  
Form 10-Q  
November 21, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

\_\_\_\_\_  
FORM 10-Q  
\_\_\_\_\_

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

For the quarterly period ended September 30, 2011

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: 333-148167

DATA STORAGE CORPORATION  
(Exact name of registrant as specified in its charter)

NEVADA  
(State or other  
jurisdiction of  
incorporation or  
organization)

98-0530147  
(IRS Employee  
Identification No.)

401 Franklin Avenue  
Garden City, N.Y. 11530  
(Address of principal executive offices)(Zip Code)

\_\_\_\_\_  
(212) 564-4922  
(Registrant's telephone number, including area code)

\_\_\_\_\_  
N/A  
(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

State the number of shares outstanding of each of the issuer’s classes of stock, as of November 18, 2011:

	Number of Shares
Common Stock	22,572,410
Preferred Stock	1,401,786

DATA STORAGE CORPORATION  
FORM 10-Q  
September 30, 2011  
INDEX

PART I-- FINANCIAL INFORMATION

	Page
Item 1. Financial Statements	1
Consolidated Balance Sheets as of September 30, 2011 (unaudited) and December 31, 2010	1
Consolidated Statements of Operations for the Three and Nine months ended September 30, 2011 and 2010	2
Consolidated Statements of Cash Flows for the Nine months ended September 30, 2011 and 2010	3
Notes to Consolidated Financial Statements	4-10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation	11-12
Item 3. Quantitative and Qualitative Disclosures About Market Risk	13
Item 4. Control and Procedures	13

PART II-- OTHER INFORMATION

Item 1. Legal Proceedings	13
Item 1A. Risk Factors	13
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	13
Item 3. Defaults Upon Senior Securities	13
Item 4. Removed and Reserved	13
Item 5. Other Information	13
Item 6. Exhibits	13

## PART I – FINANCIAL INFORMATION

## ITEM 1. Financial Statements

DATA STORAGE CORPORATION AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

	September 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current Assets:	(Unaudited)	
Cash and cash equivalents	\$ 127,454	\$ 50,395
Accounts receivable (less allowance for doubtful accounts of \$35,000 in 2011 and \$17,000 in 2010)	335,026	387,697
Deferred Compensation	17,562	17,562
Prepaid Expenses and other current assets	207,642	63,215
Total Current Assets	687,684	518,869
Property and Equipment:		
Property and equipment	2,583,332	2,031,771
Less—Accumulated depreciation	(1,556,140)	(1,200,448)
Net Property and Equipment	1,027,192	831,323
Other Assets:		
Goodwill	2,201,828	2,201,828
Deferred compensation	8,386	44,176
Other assets	12,059	18,652
Intangible Assets, net	1,008,637	1,169,404
Employee loan	23,451	23,000
Total Other Assets	3,254,361	3,457,060
Total Assets	4,969,237	4,807,252
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued expenses	1,180,356	1,070,036
Credit line payable	100,292	99,970
Due to related party	66,218	52,718
Dividend Payable	150,000	125,000
Deferred revenue	673,782	461,724
Leases payable	481,628	325,934
Loans payable	138,678	122,251
Contingent consideration in SafeData acquisition	-	805,087
Total Current Liabilities	2,790,954	3,062,720
Deferred rental obligation	22,795	26,064
Due to officer	614,628	614,628
Loan payable long term	35,543	151,491
Leases payable long term	308,665	115,533
Convertible debt	36,620	18,928

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Convertible debt – related parties	439,459	227,138
Total Long Term Liabilities	1,457,710	1,153,782
Total Liabilities	4,248,664	4,216,502
Commitments and contingencies	-	-
Stockholders' Equity:		
Preferred Stock, \$.001 par value; 10,000,000 shares authorized; 1,401,786 shares issued and outstanding in each period	1,402	1,402
Common stock, par value \$0.001; 250,000,000 shares authorized; 22,572,410 and 17,127,541 shares issued and outstanding, respectively	22,572	17,861