DOLPHIN PRODUCTIONS INC
Form 10QSB
February 17, 2004

U.S. Securities and Exchange Commission

Washington D.C. 20549

Form 10-QSB

(Mark One)

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

For the quarterly period ended December 31, 2003

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

For the transition period from ______________ to _______________

Commission file number 0-50164

DOLPHIN PRODUCTIONS, INC.

(Exact name of small business issuer as specified in its charter)

Nevada	87-0618756
(State or other jurisdiction of incorporation or organization)	(Employer Identification No.)

2068 Haun Avenue, Salt Lake City, Utah 84121

(Address of principal executive offices)

(801) 450-0716

(Issuer's telephone number)

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 ( )

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

520,000 as of December 31, 2003.

DOLPHIN PRODUCTIONS, INC.

INDEX TO FORM 10-QSB

Item 1. Financial Statements for DOLPHIN PRODUCTIONS, INC.

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED FINANCIAL STATEMENTS

DECEMBER 31, 2003

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

CONTENTS

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED BALANCE SHEETS

ASSETS

	December 31, 2003	September 30, 2003
CURRENT ASSETS:		
Cash	$ 1,935	$ 2,995
Income taxes receivable	730	730
Total Current Assets	2,665	3,725
	$ 2,665	$ 3,725

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	December 31, 2003	September 30, 2003
CURRENT LIABILITIES:		
Accounts payable	$ 1,300	$ 1,060
Accrued expenses - related party	21,500	21,500
Total Current Liabilities	22,800	22,560
STOCKHOLDERS' EQUITY (DEFICIT):		
Common stock, $.001 par value, 50,000,000 shares authorized, 520,000 shares issued and outstanding	520	520
Capital in excess of par value	5,480	5,480
Deficit accumulated during the development stage	(26,135)	(24,835)
Total Stockholders' Equity (Deficit)	(20,135)	(18,835)
	$ 2,665	$ 3,725

Note: The balance sheet at September 30, 2003 was taken from the audited financial statements at that date and condensed.

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

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

For the Three From Inception

	Months Ended December 31,		on June 26, 1998 Through December 31,
	2003	2002	2003
REVENUE	$ -	$ -	$ 37,890
EXPENSES:			
Selling	-	-	4,561
General and administrative	1,300	1,230	57,870
Total Expenses	1,300	1,230	62,431
LOSS BEFORE INCOME TAXES	(1,300)	(1,230)	(24,541)
CURRENT TAX EXPENSE (BENEFIT)	-	(184)	294
DEFERRED TAX EXPENSE (BENEFIT)	-	-	-
NET LOSS	$ (1,300)	$(1,046)	$ (24,835)
LOSS PER COMMON SHARE	$ (.00)	$ (.00)	$ (.05)

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

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the Three Months Ended December 31,		From Inception on June 26, 1998 Through December 31,
	2003	2002	2003
Cash Flows from Operating Activities:			

Net loss	$ (1,300)	$ (1,046)	$ (24,835)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) in income taxes receivable	-	(191)	(730)
Increase in accounts payable	240	-	-
Increase in accrued expenses - related party	-	-	21,500
(Decrease) in income taxes payable	-	(1,024)	-
Increase (decrease) in accrued expenses	-	(464)	-
Net Cash (Used) by Operating Activities	(1,060)	(2,725)	(4,065)
Cash Flows from Investing Activities	-	-	-
Net Cash Provided by Investing Activities	-	-	-
Cash Flows from Financing Activities:			
Proceeds from issuance of common stock	-	-	6,000
Net Cash Provided by Financing Activities	-	-	6,000
Net Increase (Decrease) in Cash and Cash Equivalents	(1,060)	(2,725)	1,935
Cash and Cash Equivalents at Beginning of Period	2,995	10,920	-
Cash and Cash Equivalents at End of Period	$ 1,935	$ 8,195	$ 1,935
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the period for:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ 1,024	$ 1,024

Supplemental Schedule of Non-cash Investing and Financing Activities:

For the three months ended December 31, 2003:
None

For the three months ended December 31, 2002:
None

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

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Dolphin Productions, Inc. ("the Company") was organized under the laws of the State of Nevada on June 26, 1998. The Company provides musical and other performance services for concerts and other events. The Company has not yet generated significant revenues from its planned principal operations and is considered a development stage company as defined in Statement of Financial Accounting Standards No. 7. The Company, at the present time, has not paid any dividends and any dividends that may be paid in the future will depend upon the financial requirements of the Company and other relevant factors.

Condensed Financial Statements - The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at December 31, 2003 and 2002 and for the periods then ended have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's September 30, 2002 audited financial statements. The results of operations for the periods ended December 31, 2003 and 2002 are not necessarily indicative of the operating results for the full year.

Fiscal Year - The Company's fiscal year-end is September 30th.

Cash and Cash Equivalents - The Company considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Accounts and Loans Receivable - The Company records accounts and loans receivable at the lower of cost or fair value. The Company determines the lower of cost or fair value of non-mortgage loans on an individual asset basis. The Company recognizes interest income on an account receivable based on the stated interest rate for past-due accounts over the period that the account is past due. The Company recognizes interest income on a loan receivable based on the stated interest rate over the term of the loan. The Company accumulates and defers fees and costs associated with establishing a receivable to be amortized over the estimated life of the related receivable. The Company estimates allowances for doubtful accounts and loan losses based on the aged receivable balances and historical losses. The Company records interest income on delinquent accounts and loans receivable only when payment is received. The Company first applies payments received on delinquent accounts and loans receivable to eliminate the outstanding principal. The Company charges off uncollectible accounts and loans receivable when management estimates no possibility of collecting the related receivable. The Company considers accounts and loans receivable to be past due or delinquent based on contractual terms.

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]

Revenue Recognition - The Company recognizes revenue from providing musical and other performances for concerts and other events for a negotiated fee in the period when the services are provided. The Company records only its fee from a concert performance and reflects the Company's expenses related to the performance as general and administrative expense. The Company recognizes revenue from the sale of compact discs when the product is delivered.

Advertising Costs - Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. During the three months ended December 31, 2003 and 2002, advertising costs amounted to $0 and $0, respectively.

Income Taxes - The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" [See Note 4].

Loss Per Share - The computation of loss per share is based on the weighted average number of shares outstanding during the period presented in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" [See Note 6].

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, the disclosures 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 estimated by management.

Recently Enacted Accounting Standards - Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", SFAS No. 147, "Acquisitions of Certain Financial Institutions - an Amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9", SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123", SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", and SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", were recently issued. SFAS No. 146, 147, 148, 149 and 150 have no current applicability to the Company or their effect on the financial statements would not have been significant.

Restatement - On January 15, 1999, the Company effected a 5-for-2 forward stock split. The financial statements have been restated, for all periods presented, to reflect the stock split [See Note 2].

Reclassification - The financial statements for periods prior to December 31, 2003 have been reclassified to conform to the headings and classifications used in the December 31, 2003 financial statements.

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CAPITAL STOCK

Common Stock - During June 1998, the Company issued 500,000 shares of its previously authorized but unissued common stock for cash of $2,000 (or $.004 per share).

During January 1999, the Company issued 20,000 shares of its previously authorized but unissued common stock for cash of $4,000 (or $.20 per share).

Stock Split - On January 15, 1999, the Company effected a five for two common stock split. The financial statements, for all periods presented, have been restated to reflect the stock split.

NOTE 3 - RELATED PARTY TRANSACTIONS

Management Compensation and Accrued Expenses - Salary expense to the President for the three months ended December 31, 2003 and 2002 amounted to $0 and $0, respectively. At December 31, 2003, the Company owes a total of $6,500 in accrued salary to the President.

Legal Services and Accrued Expenses - During the three months ended December 31, 2003 and 2002, respectively, the President provided legal services of $0 and $0 to the Company. At December 31, 2003, the Company owes a total of $15,000 in accrued legal fees to the President.

NOTE 4 - INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". SFAS No. 109 requires the Company to provide a net deferred tax asset/liability equal to the expected future tax benefit/expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carryforwards. At December 31, 2003, the Company has available unused operating loss carryforwards of approximately $4,300, which may be applied against future taxable income and which expire in 2024.

The amount of and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company, and other future events, the effects of which cannot be determined. Because of the uncertainty surrounding the realization of the deferred tax assets, the Company has established a valuation allowance equal to their tax effect and, therefore, no deferred tax asset has been recognized for the deferred tax assets. The net deferred tax assets, which consist mainly of accrued compensation and net operating loss carryforward, are approximately $3,900 and $3,700 as of December 31, 2003 and September 30, 2003, respectively, with an offsetting valuation allowance of the same amount, resulting in a change in the valuation allowance of approximately $200 during the three months ended December 31, 2003.

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America which contemplate continuation of the Company as a going concern. However, the Company has not yet been successful in establishing profitable operations and has current liabilities in excess of current assets. These factors raise substantial doubt about the ability of the Company to continue as a going concern. In this regard, management is proposing to raise any necessary additional funds through loans or through additional sales of its common stock or through the possible acquisition of other companies. There is no assurance that the Company will be successful in raising this additional capital or in achieving profitable operations.

NOTE 6 - LOSS PER SHARE

The following data show the amounts used in computing loss per share:

	For the Three Months Ended December 31,		From Inception on June 26, 1998 Through December 31,
	2003	2002	2003
Net loss available to common shareholders (numerator)	$(1,300)	$(1,046)	$ (26,135)
Weighted average number of common shares outstanding used in loss per share for the period (denominator)	520,000	520,000	517,984

Dilutive loss per share was not presented, as the Company had no common stock equivalent shares for all periods presented that would affect the computation of diluted loss per share.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of certain significant factors that have affected the Company's financial condition and operating results for the period included in the accompanying financial statements. The accompanying Unaudited Condensed Financial Statements as of December 31, 2003, including the Notes to Unaudited Condensed Financial Statements, are, by this reference, included in this Managements Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

Three Months Ended December 31, 2003 Compared to
Three Months Ended December 31, 2002

DOLPHIN PRODUCTIONS, INC., had no revenue for the quarter ended December 31, 2002, and no revenue for the comparable quarter ended December 31, 2002. No concert services were provided by the Company during either quarter and the Company generated no revenues from the sale in recorded music. The Company is in the process of shifting its business emphasis from the production of concerts to the Internet marketing of recorded music.

DOLPHIN PRODUCTIONS, INC. incurred accounting expenses of $1300 during the quarter ended December 31, 2003, and that amount is reflected as an account payable as of that date. That amount ($1300). Accounting expenses of $1230 during the comparable quarter ended December 31, 2002. Accounting costs were the only expenses incurred by the Company during the quarter ended December 31, 2003, and that amount ($1300) is also the Companys Net Operating Loss for that period. In the comparable period ended December 31, 2002, the Company recognized a tax benefit of $184 that partially offset its General and Administrative expenses of $1230 and resulted in a Net Operating Loss of $1046 for that period.

DOLPHIN PRODUCTIONS, INC. has no immediate plans to produce concerts or to provide concert-related services in the near future, except as such services may be ancillary to the Companys development and promotion of its web site and the Internet marketing of recorded music. The Company is not able to predict when, or whether, its Internet marketing business will begin to generate revenues.

DOLPHIN PRODUCTIONS, INC., has no immediate prospects for generating revenues from its operations during the foreseeable future. The magnitude of the revenues, if any, will depend upon the Companys ability to implement an unproved process for generating revenues from making recorded music available to the public on the Internet.

Liquidity and Capital Resources

As of December 31, 2003, the Company had on hand cash of $1935. It owed $21,500 in accrued liabilities payable to the Companys President and Chairman, Richard H. Casper. It has also accrued a liability of $1300 that is payable to the Companys independent auditors, Pritchett, Siler & Hardy. The Companys current liabilities of $22,800 exceed the cash ($1935) that it had on hand as of December 31, 2003, by $20,865.

The liability to the Companys President is not evidenced by a writing and does not currently bear interest. It is due upon demand.

The Company currently has no prospects or commitments from any parties to provide additional capital, cash or resources to the Company.

Item 3. Controls and Procedures

As of December 31, 2003, an informal evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2003. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to December 31, 2003.

PART II-OTHER INFORMATION

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOLPHIN PRODUCTIONS, INC.

Date: February 11, 2003 /s/ Richard H. Casper

Richard H. Casper,President
and Principal Financial Officer