

YOUTHSTREAM MEDIA NETWORKS INC
Form 10QSB/A
March 09, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB/A
Amendment No. 1

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

For the Quarterly Period Ended March 31, 2005

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

For the transition period from _____ to _____

Commission file number: 0-27556

YOUTHSTREAM MEDIA NETWORKS, INC.

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

Delaware
(State or other jurisdiction of
incorporation or organization)
244 Madison Avenue, PMB #358, New York, New York
(Address of principal executive offices)

13-4082185
(I.R.S. Employer
Identification Number)
10016
(Zip Code)

(212) 883-0083

(Issuer's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report.)

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 such shorter period that the issuer 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 28, 2006, the issuer had 39,242,251 shares of common stock, \$0.01 par value, issued and outstanding.

Transitional Small Business Disclosure Format. Yes No

Documents incorporated by reference: None.

YOUTHSTREAM MEDIA NETWORKS, INC. AND SUBSIDIARIES

EXPLANATORY NOTES

This Amendment No. 1 to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2005 reflects changes to the March 31, 2005 consolidated financial statements as a result of a determination by management to re-characterize a lease for certain equipment utilized by KES Acquisition Company, LLC (which was acquired by the Company effective March 1, 2005) as a capital lease rather than an operating lease. The Company also recorded additional interest expense with respect to notes payable of \$10,000 for the three months ended March 31, 2005. These adjustments did not have a significant effect on the Company's results of operations or cash flows. In addition, the Company reclassified an accrued liability as a reduction to accounts receivable at March 31, 2005, which had no effect on the Company's results of operations, net working capital or net cash flows. The Company also made several minor changes and revisions to improve various disclosures. Except as required to reflect the changes and revisions noted above, this Form 10-QSB/A does not attempt to modify or update any other disclosures as set forth in the document as originally filed. Additionally, except with respect to the disclosure set forth in Part II, Item 3 hereto, this Form 10-QSB/A does not purport to provide a general update or discussion of any other developments at the Company subsequent to the original filing. The filing of this Form 10-QSB/A shall not be deemed an admission that the original filing, when made, included any untrue statement of material fact or omitted to state a material fact necessary to make a statement not misleading.

The Company elected to file a Quarterly Report on Form 10-QSB beginning with the quarterly period ended December 31, 2004, as the Company qualified as a Small Business Issuer in accordance with Regulation S-B. The Company intends to file subsequent periodic reports under Regulation S-B.

This Quarterly Report on Form 10-QSB/A for the quarterly period ended March 31, 2005 contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, including statements that include the words "believes", "expects", "anticipates", or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the Company's expectations regarding its business, growth prospects, revenue trends, operating costs, working capital requirements, financing requirements, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB/A for the quarterly period ended March 31, 2005 involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein. Except as required by applicable law or regulation, the Company undertakes no obligation to revise or update these forward-looking statements to reflect any future events or circumstances.

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YOUTHSTREAM MEDIA NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2005 (Unaudited) (Restated—Note 10)	September 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,001,817	\$ 674,880
Current portion of note receivable, including accrued interest	214,094	242,189
Accounts receivable, less allowance for doubtful accounts of \$344,822	10,494,999	—
Inventories	18,434,532	—

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Prepaid expenses and other current assets	933,728	16,624
Total current assets	31,079,170	933,693
Property, plant and equipment, net	5,929,703	25,410
Note receivable, including accrued interest, less current portion	47,732	245,465
Unamortized loan costs	578,963	—
Deposits	216,035	—
Deferred costs related to KES transaction	—	175,144
Investment in KES Holdings	—	125,000
Total assets	\$ 37,851,603	\$ 1,504,712
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	\$ 9,357,817	\$ 910,074
Accrued employee compensation	225,948	225,948
Accrued expenses	1,674,275	752,043
Line of credit	16,625,470	—
Current portion of equipment contract payable and capital lease obligation	418,671	—
Current liabilities of discontinued operations	2,476,741	2,498,468
Total current liabilities	30,778,922	4,386,533
Non-current liabilities:		
Accrued interest payable to related parties	932,939	—
Deferred rent	162,405	—
4% note payable to related party, plus cumulative interest	3,952,775	3,952,775
4% note payable to investor, net of unamortized discount	962,659	961,436
12% subordinated promissory notes payable to related parties	7,000,000	—