DOLPHIN PRODUCTIONS INC
Form 10QSB
February 06, 2006

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, 2005

[ ] 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: 770,000 as of December 31, 2005.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes X No . [i.e., the Company has: (1) nominal operations; and (2) assets consisting of cash and nominal other assets].

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, 2005

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

CONTENTS

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED BALANCE SHEETS

ASSETS

	December 31, 2005	September 30, 2005
CURRENT ASSETS:		
Cash	$ 10,427	$ 10,683
Total Current Assets	10,427	10,683
Total Assets	$ 10,427	$ 10,683

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2005	September 30, 2005
CURRENT LIABILITIES:		
Accounts payable	$ 3,114	$ -
Utah Sales Tax Payable	59	59
Utah Franchise Tax Payable	-	100
Total Current Liabilities	3,173	159
STOCKHOLDERS' EQUITY:		
Common stock, $.001 par value, 50,000,000 shares authorized, 770,000 shares issued and outstanding	770	770
Capital in excess of par value	55 ,230	55,230
Deficit accumulated during the development stage	(48,746)	(45,476)
Total Stockholders' Equity	7,254	10,524
Total Liabilities and Stockholders' Equity	$ 10,427	$ 10,683

Note: The balance sheet at September 30, 2005 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 Months Ended December 31, 2005	For the Three Months Ended December 31, 2004	From Inception on June 26, 1998 Through December 31, 2005
REVENUE	$ -	$ -	$ 39,091
COST OF GOODS SOLD	-	-	300
GROSS PROFIT	-	-	38,791
EXPENSES:			
Selling	-	-	4,561
General and administrative	3,270	2,439	82,668
Total Expenses	3,270	2,439	87,229
LOSS FROM OPERATIONS	(3,270)	(2,439)	(48,438)
OTHER INCOME (EXPENSE)			
Interest revenue	-	-	11
Interest expense	-	-	(25)
Total Other Income (Expense)	-	-	(14)
LOSS BEFORE INCOME TAXES	(3,270)	(2,439)	(48,452)
CURRENT TAX EXPENSE (BENEFIT)	-	-	294
DEFERRED TAX EXPENSE (BENEFIT)	-	-	-
NET LOSS	$ (3,270)	$ (2,439)	$ (48,746)
LOSS PER COMMON SHARE	$ (.00)	$ (.00)	

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, 2005	For the Three Months Ended December 31, 2004	From Inception on June 26, 1998 Through December 31, 2005
Cash Flows from Operating Activities:			
Net loss	$ (3,270)	$ (2,439)	$ (48,746)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Non-cash expense for services rendered	-	-	5,000
Changes in assets and liabilities:			
Increase in accounts payable	3,114	566	3,114
Increase (decrease) in accrued payroll taxes	-	(2,994)	-
Increase (decrease) in Utah Franchise Tax Payable	(100)	-	-
Increase (decrease) in Utah Sales Tax Payable	-	-	59
Net Cash (Used) by Operating Activities	(256)	(4,867)	(40,573)
Cash Flows from Investing Activities	-	-	-
Net Cash Provided by Investing Activities	-	-	-
Cash Flows from Financing Activities:			
Proceeds from issuance of common stock	-	-	51,000
Net Cash Provided by Financing Activities	-	-	51,000
Net Increase (Decrease) in Cash and Cash Equivalents	(256)	(4,867)	10,427
Cash and Cash Equivalents at Beginning of Period	10,683	21,002	-

Cash and Cash Equivalents at End of Period	$ 10,427	$ 16,135	$ 10,427

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:			
Interest	$ -	$ -	$ 25
Income taxes	$ -	$ -	$ 1,024

Supplemental Schedule of Non-cash Investing and Financing Activities:

For the three months ended December 31, 2005:
None

For the three months ended December 31, 2004:
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 formerly presented concerts before live audiences, but now markets recorded music over the Internet as its sole business. The Company has not yet generated any 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 may lack the financial resources to emerge from the development stage to full operations. See also Note 4. 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, 2005 and 2004 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, 2005 audited financial statements. The results of operations for the periods ended December 31, 2005 and 2004 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 Receivable - The Company records accounts receivable at the lower of cost or fair value. 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 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 based on the aged receivable balances and historical losses. The Company records interest income on delinquent accounts receivable only when payment is received. The Company first applies payments received on delinquent accounts receivable to eliminate the outstanding principal. The Company charges off uncollectible accounts receivable when management estimates no possibility of collecting the related receivable. The Company considers accounts receivable to be past due or delinquent based on contractual terms.

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO UNAUDITED CONDENSED 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. All of the Company's sales of compact discs are final and do not allow for product return. Consequently, the Company has made no provision for the return of merchandise sold.

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, 2005 and 2004, 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".

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 5]

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. 151, "Inventory Costs - an amendment of ARB 43, Chapter 4", SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions - an amendment of FASB Statements No. 66 and 67", SFAS No. 153, "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29", and SFAS No 123 (revised 2004), "Share-Based Payment", and SFAS No. 154, "Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3", were recently issued. SFAS No. 151, 152, 153, 123 (revised 2004) and 154 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, 2005 have been reclassified to conform to the headings and classifications used in the December 31, 2005 financial statements.

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO UNAUDITED CONDENSED 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).

During September of 2004, the Company sold 225,000 shares of its previously authorized but unissued stock for $45,000 ($.20 per share).

During September of 2004, the Company issued 25,000 shares of its previously authorized but unissued stock to certain officers and directors. The Company assigned a value of $5000 ($.20 per share) to the shares issued.

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 officers of the Company for the three months ended December 31, 2005 and 2004 amounted to $0 and $0, respectively.

Legal Services and Accrued Expenses - During the three months ended December 31, 2005 and 2004, respectively, the Company's President provided legal services of $0 and $0, respectively, to the Company.

NOTE 4- 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 incurred significant losses in recent years. 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 one or more of the following means: (1) operations; (2) loans; (3) additional sales of its common stock; (4) the possible acquisition of operating assets or technology by the issuance of additional shares of its common stock; (5) the acquisition of inventory through the issuance of additional shares of its common stock; or (6) through the possible acquisition of other companies by the issuance of additional shares of its common stock.

There is no assurance that the Company will be successful in raising additional capital or in achieving profitable operations. If no additional capital is raised, the management estimates that the Company has sufficient cash to sustain its operations through June 30, 2006. In the event that the Company is not able to raise additional capital or to achieve profitable operations, the Company may elect to discontinue operations and to dissolve the corporation. In that event, shareholders and creditors may be unable to recover any sum from the corporation.

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 5- LOSS PER SHARE

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

	For the Three Months Ended December 31, 2005	For the Three Months Ended December 31, 2004
Net loss available to common shareholders (numerator)	$ (3,270)	$ (2,439)
Weighted average number of common shares outstanding used in loss per share for the		

period (denominator)	770,000	770,000

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, 2005, 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, 2005 Compared to Three Months Ended December 31, 2004
DOLPHIN PRODUCTIONS, INC. (the Company), generated no revenues during the quarters ending December 31, 2005, December 31, 2004, respectively. The Company has been unable to acquire the technology and the inventory of recorded music that are necessary to compete profitably against larger, better-capitalized providers of recorded music. The Company has two contracts with recording artists, each of which may be canceled by the artists without penalty. The Company has no assurance that its contracts with artists will not be canceled. If the contracts are canceled, the Company has no inventory of saleable recorded music and will be unable to generate revenues.

DOLPHIN PRODUCTIONS, INC. recorded a net loss of $3,270 for the quarter ending December 31, 2005, compared to a net loss of $2,439 for the comparable quarter ending December 31, 2004.

DOLPHIN PRODUCTIONS, INC., has no prospects for generating revenues from its operations during the foreseeable future.

Liquidity and Capital Resources

As of December 31, 2005, the Company had on hand cash of $10,427. It owed payables of $3,173. The Company has no assurance that it will generate revenues, or otherwise acquire capital, to sustain its operations beyond June 30, 2006.
Management may seek to raise additional funds through one or more of the following means: (1) operations; (2) loans; (3) additional sales of its

common stock; (4) the possible acquisition of operating assets or technology by the issuance of additional shares of its common stock; (5) the acquisition of inventory through the issuance of additional shares of its common stock; or (6) through the possible acquisition of other companies by the issuance of additional shares of its common stock.

There is no assurance that the Company will be successful in raising additional capital or in achieving profitable operations. If no additional capital is raised, management estimates that the Company has sufficient cash on hand to sustain its operations through June 30, 2006. In the event that the Company is not able to raise additional capital or to achieve profitable operations by June 30, 2006, the Company may elect to discontinue operations and to dissolve the corporation. In that event, shareholders and creditors may be unable to recover any sum from the corporation.

Item 3. Controls and Procedures

As of January 16, 2006, an informal evaluation was performed under the supervision and with the participation of the Company's management, including the CEO, the CFO, and the Chair of the Companys Audit Committee, as to the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management concluded that the Company's disclosure controls and procedures were effective as of January 16, 2006. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to January 15, 2006.

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 1, 2006 /s/ Richard H. Casper

Richard H. Casper, President