

Mainstream Entertainment, Inc.  
Form 10-Q  
May 20, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

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

**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2013**

**OR**

**o 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: 000-54602**

**MAINSTREAM ENTERTAINMENT, INC.**

*(Exact name of registrant as specified in its charter)*

**Florida**

*(State or other jurisdiction of incorporation or organization)*

**20-3687391**

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

**401 East Fourth Street Building 6 Bridgeport, Pennsylvania**

*(Address of principal executive offices)*

**19405**

*(Zip Code)*

Registrant's telephone number, including area code: **(610) 292-0909**

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, and accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions 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

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

At May 20, 2013, there were 65,912,000 shares of the Issuer's common stock outstanding.



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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Mainstream Entertainment, Inc.****(A Development Stage Company)****Balance Sheets****As of March 31, 2013 and September 30, 2012  
March 31,**

	<b>2013</b> (unaudited)		<b>September 30, 2012</b> (audited)
<b>ASSETS:</b>			
Current assets:			
Cash	\$ 15	\$	456
Prepaid expense	--		61
Total current assets	15		517
<b>Assets to be discontinued:</b>			
Note receivable	2,555		2,555
Recording equipment held for sale, net of accumulated depreciation of \$20,445 and \$19,340 respectively	-		2,210
Total assets to be discontinued	2,555		4,765
<b>TOTAL ASSETS</b>	<b>\$ 2,570</b>	<b>\$</b>	<b>5,282</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 25,191	\$	75,008
Accrued interest related party	341		43,174
Notes payable related party	75,422		145,231

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Subscription payable	-	37,522
Total Current Liabilities	100,954	300,935

**Stockholders' Deficit:**

Common Stock, \$.001 par value; 100,000,000 shares authorized, 65,912,000 and 3,051,870, respectively shares issued and outstanding	65,912	3,052
Additional paid in capital	3,269,107	423,386
Liability to issue shares	184,830	-
Subscriptions receivable	(660,000)	-
Deficit accumulated during the development stage	(2,958,233)	(722,091)
Total stockholders' deficit	(98,384)	(295,653)

<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	\$	2,570	\$	5,282
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The accompanying notes are an integral part of these financial statements.

**Mainstream Entertainment, Inc.****(A Development Stage Company)****Statements of Operations**

**For the Six Months ended March 31, 2013 and 2012, and  
the period from October 7, 2005 (Inception) through March 31, 2013**

(unaudited)

	<b>Six Months Ended March 31,</b>		<b>October 7, 2005</b>
	<b>2013</b>	<b>2012</b>	<b>(Inception) Through</b>
			<b>March 31, 2013</b>
<b>Expenses:</b>			
General and administrative expenses	\$ 94,785	\$ 31,102	\$ 320,899
Stock compensation	216,000	---	216,000
<b>Other Income (Expense):</b>			
Loss on debt conversion	(1,917,870)	---	(1,736,390)
Forgiveness of debt	---	---	1,215
Interest income	---	---	2
Interest expense	(5,216)	(9,107)	(88,089)
Penalties	---	---	(600)
<b>Total other income (expense)</b>	<b>(1,923,086)</b>	<b>(9,107)</b>	<b>(1,823,862)</b>
<b>Net Loss from continuing operations</b>	<b>(2,233,871)</b>	<b>(40,209)</b>	<b>(2,542,241)</b>
<b>Discontinued operations</b>			
Loss from discontinued operations	(2,271)	(18,310)	(415,992)
Net loss	\$(2,236,142)	\$ (21,899)	\$ (2,958,233)
<b>Net loss per Common Share - Basic and Diluted</b>	<b>\$ (0.04)</b>	<b>\$ (0.00)</b>	

**Per Share Information:**



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Weighted Average Number of Common  
Stock

Shares Outstanding - Basic and Diluted	51,912,274	3,051,870
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The accompanying notes are an integral part of these financial statements.

**Mainstream Entertainment, Inc.****(A Development Stage Company)****Statements of Operations**

**For the Three Months ended March 31, 2013 and 2012, and  
the period from October 7, 2005 (Inception) through March 31, 2013**

(unaudited)

**Three Months****Ended March 31,****2013****2012****Expenses:**

General and administrative expenses \$ 34,934 \$ 16,494

Stock compensation 216,000 ---

**Other Income (Expense):**

Loss on debt conversion (1,917,870) ---

Forgiveness of debt --- ---

Interest income --- ---

Interest expense (341) (4,953)

Penalties --- ---

**Total other income (expense)** (1,918,211) (4,953)**Net Loss from continuing operations** (2,385,145) (21,087)**Discontinued operations**

Loss from discontinued operations (1,105) (18,725)

Net loss \$ (2,386,250) \$ (2,362)

**Net loss per Common Share - Basic and Diluted**

\$ (0.04) \$ (0.00)

**Per Share Information:**

Weighted Average Number of Common Stock

Shares Outstanding - Basic and Diluted 65,191,799 3,051,870

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

**Mainstream Entertainment, Inc.****(A Development Stage Company)****Statements of Cash Flows**

**For the Six Months ended March 31, 2013 and 2012 and  
the period from October 7, 2005 (Inception) through March 31, 2013**

	(unaudited)		October 7, 2005
	Six Months ended		(inception) to
	March 31,		March 31,
	2013	2012	2013
<b>Cash Flows from Operating Activities:</b>			
Loss from continuing operation	\$(2,233,871)	\$(40,209)	\$(2,542,241)
Loss from discontinued operations	(2,271)	(18,310)	(415,992)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation	2,210	2,763	93,576
Imputed rent	200	200	1,602
Loss on equipment			33,018
Loss on debt conversion	1,917,870		1,736,390
Stock Compensation	216,000	---	216,000
Forgiveness of accrued rent			(13,662)
Forgiveness of debt by third party			(1,756)
Extraordinary gain on insurance claim			(13,437)
Impairment of fixed assets			86,850
Bad Debt	61		115
Changes in:			
Accounts receivable			(2,609)
Deposits			(6,000)
Prepaid expenses & other current assets		(560)	(64)
Customer deposits		11,445	
Accounts payable & accrued expense	11,460	14,790	153,888
Net Cash Flows Provided by (Used in) Operations	(88,341)		