

Genius Brands International, Inc.  
Form 10-Q  
August 14, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2014**

**<sup>o</sup> 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: 000-54389**

**GENIUS BRANDS INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**20-4118216**

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

**9401 Wilshire Boulevard #608**

**Beverly Hills, California**

(Address of principal executive offices)

**90212**

(Zip Code)

**310-273-4222**

(Registrant's telephone number, including area code)

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. 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 (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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 6,383,269 shares of common stock, par value \$0.001, were outstanding as of August 8, 2014.

**GENIUS BRANDS INTERNATIONAL, INC.**

**FORM 10-Q**

**For the Quarterly Period Ended June 30, 2014**

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**PART I - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.****Genius Brands International, Inc.****Consolidated Balance Sheets****June 30, 2014 (unaudited) and December 31, 2013 (audited)**

	6/30/2014	12/31/2013
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$5,576,206	\$ 527,110
Accounts Receivable, net	326,947	893,826
Inventory	132,621	224,351
Prepaid and Other Assets	432,164	582,056
Total Current Assets	6,467,938	2,227,343
Property and Equipment, net	56,792	78,748
Film and Television Costs	112,575	-
Capitalized Product Development in Process	-	54,575
Intangible Assets, net	1,907,187	1,865,706
Goodwill	10,365,805	10,365,805
Investment in Stan Lee Comics, LLC	-	-
Total Assets	\$18,910,297	\$14,592,177
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities:		
Accounts Payable	\$433,720	\$ 889,919
Accrued Expenses	892,555	704,539
Accrued Salaries and Wages	62,788	59,958
Disputed Trade Payable	925,000	925,000
Short Term Debt - Related Party	412,893	516,659
Total Current Liabilities	2,726,956	3,096,075
Long Term Liabilities:		
Services Advance	741,758	-
Total Liabilities	3,468,714	3,096,075
Stockholders' Equity (Deficit)	6	-

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Preferred Stock, \$0.001 par value, 10,000,000 share authorized, respectively; 6,000 and 0 shares issued and outstanding, respectively		
Common Stock, \$0.001 par value, 700,000,000 shares authorized, respectively; 6,383,269 and 5,918,704 shares issued and outstanding, respectively	6,384	5,919
Additional Paid in Capital	34,854,040	28,914,238
Accumulated Deficit	(19,418,847)	(17,424,055)
Total Equity (Deficit)	15,441,583	11,496,102
Total Liabilities & Stockholders' Equity (Deficit)	\$ 18,910,297	\$ 14,592,177

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

**Genius Brands International, Inc.****Consolidated Statements of Operations****Three Month and Six Month Periods Ended June 30, 2014 and 2013 (unaudited)**

	Three Months Ended		Six Months Ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenues:				
Product Sales	\$ 118,495	\$ 394,772	\$ 204,636	\$ 1,097,585
Television & Home Entertainment	36,814	–	87,275	–
Licensing & Royalties	61,887	227,552	101,567	258,978
Total Revenues	217,196	622,324	393,478	1,356,563
Cost of Sales (Excluding Depreciation)	105,112	332,668	241,147	979,977
Gross Profit	112,084	289,656	152,331	376,586
Operating Expenses:				
Product Development	5,926	2,848	6,813	29,839
Professional Services	300,973	113,853	620,842	178,359
Rent Expense	34,529	1,254	70,344	8,201
Marketing & Sales	80,112	104,072	117,880	158,791
Depreciation & Amortization	29,088	39,003	53,629	78,175
Salaries and Related Expenses	251,779	359,944	560,474	831,090
Stock Compensation Expense	–	101,988	–	160,268
Bad Debt Expense	55,000	–	55,000	–
Other General & Administrative	212,959	51,285	413,680	107,490
Total Operating Expenses	970,366	774,247	1,898,662	1,552,213
Loss from Operations	(858,282 )	(484,591)	(1,746,331)	(1,175,627)
Other Income (Expense):				
Other Income	7,156	16	7,789	32
Interest Expense	(21 )	(155,483)	(2,230 )	(310,742 )
Interest Expense - Related Parties	(6,207 )	(6,810 )	(13,370 )	(13,534 )
Gain (loss) on distribution contracts	(50,000 )	–	(47,229 )	–
Gain (loss) on extinguishment of debt	12,593	–	52,447	–
Gain (loss) on disposition of assets	(70,905 )	–	(70,905 )	–
Gain (loss) on inventory	(174,963 )	–	(174,963 )	–
Gain (loss) on derivative valuation	–	103,619	–	10,757
Net Other Income (Expense)	(282,347 )	(58,658 )	(248,461 )	(313,487 )
Loss before Income Tax Expense	(1,140,629)	(543,249)	(1,994,792)	(1,489,114)
Income Tax Expense	–	–	–	–

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Net Loss	\$(1,140,629)	\$(543,249)	\$(1,994,792)	\$(1,489,114)
Net Loss per common share	\$(0.18 )	\$(0.75 )	\$(0.33 )	\$(2.05 )
Weighted average shares outstanding	6,221,947	722,911	6,126,292	724,903

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

**Genius Brands International, Inc.****Consolidated Statements of Stockholders' Equity (Deficit)**

	Common Stock		Preferred Stock		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance, December 31, 2013 (audited)	5,918,704	\$ 5,919	–	\$ –	\$28,914,238	\$(17,424,055)	\$11,496,102
Common Stock Issued for Cash, Net of Offering costs	102,860	103	–	–	355,013	–	355,116
Common Stock Issued for Purchase Price Adjustment pursuant to Securities Purchase Agreement	305,562	306	–	–	(306 )	–	–
Common Stock Issued in exchange for repayment of Accounts Payable	8,143	8	–	–	32,564	–	32,572
Common Stock Issues for Services	48,000	48	–	–	159,252	–	159,300
Series A Convertible Preferred Stock Issued for Cash, Net of Offering Costs	–	–	6,000	6	5,379,909	–	5,379,915
Imputed Interest for Member Advances	–	–	–	–	13,370	–	13,370
Net Loss	–	–	–	–	–	(1,994,792 )	(1,994,792 )
Balance, June 30, 2014 (unaudited)	6,383,269	\$ 6,384	6,000	\$ 6	\$34,854,040	\$(19,418,847)	\$15,441,583

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



**Genius Brands International, Inc.****Consolidated Statements of Cash Flows****Six Month Periods Ended June 30, 2014 and 2013 (unaudited)**

	6/30/2014	6/30/2013
<b>Cash Flows from Operating Activities:</b>		
Net Loss	\$(1,994,792)	\$(1,489,114)
Adjustments to reconcile net loss to net cash provided in operating activities:		
Depreciation Expense	25,108	5,021
Amortization Expense	28,521	73,154
Imputed Interest Expense	13,370	-
Bad Debt Expense	55,000	-
Accretion of Discount on Convertible Debentures	-	162,244
Issuance of Common Stock for Interest Expense	-	40,000
Issuance of Common Stock for Services	-	155,544
Stock Compensation Expense	-	160,267
Prepaid Consulting Services Expense	190,469	-
(Gain) Loss on Conversion of Accounts Payable	4,072	-
(Gain) Loss on Settlement or Extinguishment of Debt	(56,519 )	-
(Gain) Loss on Derivative Valuation	-	(10,757 )
(Gain) Loss on Distribution Contracts	47,229	-
(Gain) Loss on Disposition of Assets	70,905	-
(Gain) Loss on Inventory	174,963	-
Decrease (increase) in operating assets:		
Accounts Receivable	511,879	747,409
Inventory	(83,233 )	25,986
Prepaid Expenses & Other Assets	68,723	(6,492 )
Film and Television Costs, net	(112,575 )	-
Increase (decrease) in operating liabilities:		
Accounts Payable	(371,183 )	(68,795 )
Accrued Salaries	2,830	271,219
Accrued Interest - Related Party	-	13,534
Other Accrued Expenses	190,787	(165,138 )
Net cash provided/(used) in operating activities	(1,234,446)	(85,918 )
<b>Cash Flows from Investing Activities:</b>		
Investment in Capitalized Product Development	(16,330 )	-
Investment in Intangible Assets	(70,000 )	(172,518 )
Investment in Fixed Assets	(3,151 )	-
Net cash provided/(used) by investing activities	(89,481 )	(172,518 )
<b>Cash Flows from Financing Activities:</b>		
Sale of Preferred Stock, net of offering costs	5,379,915	-

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Sale of Common Stock, net of offering costs	355,116	–
Proceeds from Services Advance	750,000	–
Repayment of Services Advance	(8,242 )	–
Issuance Costs on Debenture	–	64,278
Payments of Related Party Notes	(103,766 )	–
Net cash provided/(used) by financing activities	\$6,373,023	\$64,278

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

**Genius Brands International, Inc.**

**Consolidated Statements of Cash Flows**

**Six Month Periods Ended June 30, 2014 and 2013 (unaudited)**

	6/30/2014	6/30/2013
Net increase in Cash and Cash Equivalents	\$5,049,096	\$(194,158)
Beginning Cash and Cash Equivalents	527,110	447,548
Ending Cash and Cash Equivalents	\$5,576,206	\$253,390
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$-	\$-
Cash paid for interest	\$2,230	\$40,000
Schedule of non-cash financing and investing activities:		
Common Stock issued as Settlement for Accounts Payable	\$32,572	\$-