
BIG SCREEN
Entertainment Group

BIG SCREEN ENTERTAINMENT GROUP

Table of Contents

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEETS	PG 3
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	PG 4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	PG 5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	PG 6
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	PG 7-9

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	December 31, 2014	March 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 25,856	$ 4,373
Accounts Receivable	1,687,834	1,799,847
Total Current Assets	1,713,690	1,804,220
NON-CURRENT ASSETS		
Notes Receivable	27,894	27,894
Capitalized Gaming Production Costs	702,195	703,418
Capitalized Production Costs, net of accummulated amortization	4,962,281	5,371,929
Fixed Assets	1,000	1,000
Total Non-Current Assets	5,693,370	6,104,241
TOTAL ASSETS	$ 7,407,060	$ 7,908,461
LIABILITIES & SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts Payable	$ 17,852	$ 38,336
Accrued Salaries - Officers	37,964	596,513
Notes payable - Related party	82,912	-
Production Loans	-	165,153
Total Liabilities	138,727	800,002
SHAREHOLDERS' EQUITY		
Common Stock, par value $.001 per share, 385,000,000 shares authorized, 103,816,636 and 88,518,508 shares issued and outstanding, respectively	103,817	88,519
Additional Paid-In Capital	10,194,916	9,665,786
Accumulated Deficit	(2,645,846)	(4,150,469)
Net (Loss) Income	(384,555)	1,504,623
Total Shareholders' Equity	7,268,332	7,108,459
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$ 7,407,060	$ 7,908,461

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

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2014	2013	2014	2013
REVENUES				
Distribution	$ -	$ -	$ -	$ -
Licensing	22,532	1,078	31,065	62,470
Services	102,075	331,423	231,436	373,862
Other	9,300	102	52,761	157
Total Revenues	133,907	332,603	315,262	436,489
COSTS AND EXPENSES				
Costs related to production revenues	70,188	187,398	223,616	218,447
Distribution and Marketing	25,500	112,258	26,970	138,718
Bad Debt expense	-	-	168,010	-
General and Administrative	72,318	90,116	281,266	137,304
Total Expense	168,006	389,772	699,862	494,469
INCOME (LOSS)	(34,099)	(57,169)	(384,600)	(57,980)
OTHER INCOME (EXPENSE)				
Other Income	-	23,050	51	23,251
Other Expense	-	(28,836)	(6)	(28,836)
Total Other Income	-	(5,786)	45	(5,585)
NET INCOME (LOSS)	$ (34,099)	$ (62,955)	$ (384,555)	$ (63,565)
Net (Loss) per Common Share, Basic & Diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted Average Number of Shares Outstanding	103,816,636	88,318,508	101,225,375	87,887,212

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

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

	Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Shareholders Equity
Balance March 31, 2013 (unaudited)	87,593,508	$ 87,594	$ 9,621,211	$ (4,150,469)	$ 5,558,336
Stock issued for cash	725,000	725	24,775		25,500
Stock issued for Notes Payale	200,000	200	19,800		20,000
Net income				1,504,623	1,504,623
Balance March 31, 2014 (unaudited)	88,518,508	$ 88,519	$ 9,665,786	$ (2,645,846)	$ 7,108,459
Stock issued for cash	153,846	$ 154	$ 9,846		10,000
Stock issued for Notes Payale	5,344,282	$ 5,344	$ 529,084		534,428
Stock split	9,800,000	$ 9,800	$ (9,800)		-
Net income				$ (384,555)	(384,555)
September 30, 2014 (unaudited)	103,816,636	$ 103,817	$ 10,194,916	$ (3,030,401)	$ 7,268,332

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

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended December 31, 2014	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ (384,555)	$ (63,565)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	125,633	-
Changes in assets and liabilities:		
(Increase)/Decrease in Accounts Receivable	112,013	-
(Increase)/Decrease in Capitalized R&D Gaming	1,223	(1,223)
(Increase)/Decrease in Capitalized Production Costs	284,015	651,069
(Increase)/Decrease in Notes Receivable	-	(27,894)
(Decrease)/Increase in Accounts Payable	(20,484)	(28)
(Decrease)/Increase in Accrued Salaries - Officers	-	67,785
NET CASH PROVIDED BY OPERATING ACITIVITIES	117,845	626,144
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on Notes Payable to Officers	(558,549)	-
Principal Payments on Production Loans - Related Party	(82,241)	(660,612)
Proceeds from Sale of Stock	544,428	25,500
NET CASH (USED IN) FINANCING ACTIVITIES	(96,362)	(635,112)
NET (DECREASE) INCREASE IN CASH	21,483	(8,968)
CASH AT BEGINNING OF PERIOD	4,373	27,492
CASH AT END OF PERIOD	$ 25,856	$ 18,524
Supplemental Disclosure for Cash Flow Information:		
Non-cash Financing Activity:		
Stock issued in payment of labor and production loans	$ 534,428	$ -

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

NOTE A - BUSINESS ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Screen Entertainment Group ("Company") or ("BSEG") was incorporated under the laws of the state of Nevada. The Company produces and distributes feature films and video games.

Revenue Recognition. Royalty income from film contracts is derived from the sale of DVDs or from the licensing of film rights to third parties. A significant portion of royalty income is paid to the Company based on the timetable associated with royalty statements generated by third party processors, and is not typically known by the Company on a timely basis. Consequently, this revenue is not recognized until the amount is either known or reasonably estimable or until receipt of the statements from the third parties. The Company contracts with various agencies to facilitate collection of royalty income. When the Company is entitled to royalties based on gross receipts, revenue is recognized before deduction of agency fees, which are included as a component of cost of revenue.

The Company recognizes revenue from television and film productions pursuant to ASC 926-605 (formerly American Institute of Certified Public Accountants Statement of Position 00-2, "Accounting by Producers or Distributors of Films"). The following conditions must be met in order to recognize revenue under ASC 926-605: (i) persuasive evidence of a sale or licensing arrangement exists; (ii) the program is complete and has been delivered or is available for immediate and unconditional delivery; (iii) the license period of the arrangement has begun and the customer can begin its exploitation, exhibition or sale; (iv) the arrangement fee is fixed or determinable; and (v) collection of the arrangement fee is reasonably assured. Advance payments received from buyers or licensees are included in the condensed consolidated financial statements as a component of deferred revenue.

Film and Gaming Costs. Investment in film and gaming costs includes the capitalization of costs incurred to produce the film content including direct negative costs, production overhead, interest and development. These costs are recognized as operating expenses on an individual film basis in the ratio that the current year's gross revenues bear to management's estimate of total ultimate gross revenues from all sources to be earned over a seven-year period. Capitalized production costs are stated at the lower of unamortized cost or estimated fair value on an individual film basis. Revenue forecasts, based primarily on historical sales statistics, are continually reviewed by management and revised when warranted by changing conditions. When estimates of total revenues and other events or changes in circumstances indicate that a film has a fair value that is less than its unamortized cost, an impairment loss is recognized in the current period for the amount by which the unamortized cost exceeds the film's fair value.

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, 2014, and for all periods presented herein, have been made.

Basis of Consolidation. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates and Assumptions. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 estimates.

Concentrations. Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Accounts receivable are typically unsecured and are derived from revenues earned from customers located in the United States.

Recent Accounting Pronouncements. The Company has reviewed recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its results of operations, financial position or cash flows. Based on that review, the Company believes that none of these pronouncements will have a significant effect on its financial statements.

Cash and Cash Equivalents. For purposes of reporting cash flows, the Company considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes. The Company utilizes the liability method of accounting for income taxes as set forth in ASC Topic 740 (SFAS No. 109), *"Accounting for Income Taxes."* Under the liability method, deferred taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

NOTE B – CAPITALIZED FILM AND GAMING PRODUCTION COSTS

The following table summarizes the net capitalized film and gaming production costs in various stages of production at:

	December 31, 2014	December 31, 2013
Gaming	$ 702,195	$ 703,418
Completed – theatrical	5,339,180	5,305,638
Less: accumulated amortization	(376,899)	(125,633)
Total film and gaming production costs	$ 5,664,476	$ 5,883,423

The Company expects to amortize within three to five years 90% of capitalized film and gaming costs based on the estimated costs and ultimate revenue projected.

NOTE C – ACCRUED SALARIES - OFFICERS

The Company's officers have signed contracts that allows them to accrue salaries that can be paid in either stock or cash. The officers exercised some of these options in the quarter ended September 30, 2014 for $534,428. In the three months ending December 31, 2014 the Company accrued $26,197 for these salaries. The balance at December 31, 2014 and March 31, 2014 is $37,458 and $596,513, respectively.

NOTE D – PRODUCTION LOANS AND PRINTS AND ADVERTISING LOANS

Production and prints and advertising (P&A) loans consist of the following at:

	December 31, 2014	December 31, 2013
Reyes Group	$ -	$ 165,153
Less current portion	-	-
	$ -	$ 165,153

The Reyes Group made loans to the Company for the financing of the film *Babysitter Wanted*. As of December 31, 2014, Reyes Group is owed $0 in principal and $0 in interest in production loans. Under the terms of the agreement the loans bear interest at the rate of 7% per annum and Reyes will also be entitled to contingent participation of 50% of all net contingent proceeds from the picture after full recoupment after distribution, marketing fees, other investors and interest are recouped plus interest has been fulfilled.

NOTE E - SHAREHOLDERS' EQUITY

December 31, 2014 there are 385,000,000 shares of authorized common stock. Total common stock issued and outstanding at December 31, 2014 and March 31, 2014, was 103,816,636 and 88,518,508 shares, respectively.

NOTE F - SUBSEQUENT EVENTS

The Company has evaluated events from December 31, 2014, through the date whereupon the financial statements were issued and has determined that there are no additional items to disclose.