

Camelot Entertainment Group, Inc.
Form 10KSB
April 15, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

FOR ANNUAL AND TRANSITIONAL REPORTS UNDER SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED DECEMBER 31, 2007

TRANSITION REPORT PURSUANT TO SECTION 13 OR SECTION 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 000-30785

CAMELOT ENTERTAINMENT GROUP, INC.

(EXACT NAME OF SMALL BUSINESS REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State or other jurisdiction of incorporation or
organization)

52-2195605
(I.R.S. Employer Identification No.)

CAMELOT
ENTERTAINMENT
GROUP, INC.
130 Vantis, Suite 140
Aliso Viejo,
California 92656
(Address of principal
executive offices) (Zip
Code)

(949) 334-2950
Registrant's telephone
number, including area
code

SECURITIES REGISTERED UNDER SECTION 12(B) OF THE ACT:

NONE

SECURITIES REGISTERED UNDER SECTION 12(G) OF THE EXCHANGE ACT:

(TITLE OF CLASS)
COMMON STOCK, PAR VALUE \$0.001

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 No

Check if no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The approximate aggregate market value of 91,961,333 Common Stock shares held by non-affiliates of the Registrant, based on 224,506,332 total outstanding shares less 132,544,999 shares held by affiliates, calculated at a market price of \$.005, had a market value of \$459,806 as of December 31, 2007. Total market value of all outstanding shares was \$1,122,531 as of December 31, 2007.

Of the 224,506,332 total Common Stock shares outstanding, 140,564,436 were restricted. 83,941,896 were classified as non-restricted. As of December 31, 2007, there were 36,046,462 shares held in CEDE, also known as the public float. There were an additional 30,833,333 shares issued, but not outstanding, held in reserve for financing activities.

On December 31, 2007, the Registrant had outstanding 224,506,332 shares of Common Stock, \$0.001 par value. The Registrant had outstanding 28,152,047 shares of Preferred Stock, \$0.001 par value.

As of April 15, 2008, the Registrant had outstanding 235,006,332 shares of Common Stock, \$0.001 par value and 29,402,047 shares of Preferred Stock, \$0.001 par value.

The Registrant's revenues for the year ended December 31, 2007 were \$0.

DOCUMENTS INCORPORATED BY REFERENCE: SEE ITEM 13

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 FISCAL YEAR ENDED DECEMBER 31, 2007

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THIS REPORT ON FORM 10-KSB CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, WHICH ARE SUBJECT TO THE "SAFE HARBOR" CREATED BY THOSE SECTIONS. THESE FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO STATEMENTS CONCERNING OUR BUSINESS OUTLOOK OR FUTURE ECONOMIC PERFORMANCE; ANTICIPATED PROFITABILITY, REVENUES, EXPENSES OR OTHER FINANCIAL ITEMS; AND STATEMENTS CONCERNING ASSUMPTIONS MADE OR EXCEPTIONS AS TO ANY FUTURE EVENTS, CONDITIONS, PERFORMANCE OR OTHER MATTERS WHICH ARE "FORWARD-LOOKING STATEMENTS" AS THAT TERM IS DEFINED UNDER THE FEDERAL SECURITIES LAWS. ALL STATEMENTS, OTHER THAN HISTORICAL FINANCIAL INFORMATION, MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. THE WORDS "BELIEVES", "PLANS", "ANTICIPATES", "EXPECTS", AND SIMILAR EXPRESSIONS HEREIN ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND OTHER FACTORS, WHICH WOULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN SUCH STATEMENTS. FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN "FACTORS THAT MAY AFFECT FUTURE RESULTS," AND ELSEWHERE IN THIS REPORT, AND THE RISKS DISCUSSED IN THE COMPANY'S OTHER SEC FILINGS.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Our Business

Camelot Entertainment Group, Inc. (the “Company” or “Camelot”), a Delaware corporation, is a film, television, digital media and entertainment company. We have a limited operating history and as a result we are classified as a development stage company. The Company classifies its businesses into the following three major divisions:

- Camelot Film and Media Group, consisting principally of feature film, television, home video, and digital media production and distribution;
- Camelot Studio Group, consisting principally of site acquisition, design, development and operation of Camelot Studio locations domestically and internationally;
- Camelot Production Services Group, consisting principally of consulting, education, finance, production support and technology services.

At December 31, 2007, Camelot had a total of 4 employees and approximately 8 consultants which provide services to the Company on an as needed basis. The Company also retains independent contractors on a project by project basis. Our main activity during the past two years has been conducted within our Camelot Studio Group division. As a result, we have had very limited operations in our Camelot Film and Media Group and Camelot Production Services Group divisions.

Camelot is being built utilizing five steps that are critical to our development as a film, television, digital media and entertainment company:

- Education
- Infrastructure
- Utilization
- Opportunity
- Success

For convenience, the terms the “Company,” “Camelot” and the “Registrant” are used in this report to refer to both the parent company and collectively to the parent company and the divisions and/or subsidiaries through which its various businesses are conducted or are planned to be conducted in the future, unless the context otherwise requires. As a development stage company, our operations to date have been limited and as a result Camelot has not generated any revenue through December 31, 2007.

Caution Concerning Forward-Looking Statements and Risk Factors

This Annual Report on Form 10-KSB includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations or beliefs

and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors, and other factors affecting the operation of the businesses of Camelot. For more detailed information about these factors, and risk factors with respect to the Company's operations, see "Risk Factors," and "Management's Discussion and Analysis of Results of Operations and Financial Condition — Caution Concerning Forward-Looking Statements" below. Camelot is under no obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

Available Information and Website

The Company's annual reports on Form 10-KSB, quarterly reports on Form 10-QSB, current reports on Form 8-K and any amendments to such reports filed with or furnished to the Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available free of charge on the Company's website at www.camelotfilms.com as soon as reasonably practicable after such reports are electronically filed with the SEC.

ITEM 1. DESCRIPTION OF BUSINESS - continued

Business Development

Camelot Films®, Inc., now a subsidiary of the Company, was originally founded in 1978 by our current Chairman, Robert P. Atwell, as a feature film production and film finance management company. Camelot Films was originally incorporated in Delaware and had offices in London, England, Los Angeles, California and New York, New York. Between 1978 and 1988, Camelot Films was actively involved in the development, finance and production of independent feature films. Between 1988 and 2003, Camelot Films was primarily active in the development and financial structuring of independent feature films and the ongoing development of its Camelot Production Model (“CPM”). Beginning in 2003, Camelot became active once again in the production and distribution of independent feature films, along with its development and finance activities.

On October 1, 1999, the Company’s predecessor corporate entity was incorporated in Delaware as Dstage.com, Inc.

On March 31, 2003, the operations of Camelot Films were absorbed into the Company as part of a corporate restructuring. As a result of this restructuring, the Company’s new management team, headed by Mr. Atwell, adopted a new business model to pursue the development, production, marketing and distribution of motion pictures.

On April 16th, 2004, the Company officially changed its name to Camelot Entertainment Group, Inc.

Our initial business development plan was to become a vertically integrated media enterprise that creatively conceptualizes, finances, produces, and distributes original entertainment content across various media, including motion pictures, television, interactive gaming, radio and a multitude of digital media channels. Through the absorption of Camelot Films and the establishment of key operating divisions, including Camelot Distribution Group Inc., a Nevada corporation, we began to implement our new business model of acquiring, developing, producing, marketing and distributing motion pictures, television and digital media on a limited basis.

During 2004 and 2005, we formally acquired our three Camelot Films subsidiaries, Camelot Films, Inc., a Nevada corporation, Camelot Films, Inc., a California corporation, and Camelot Films, Inc., a Delaware corporation. We established a family film subsidiary, Ferris Wheel Films, Inc., a Nevada corporation. In September 2005, we established Camelot Studio Group with the responsibility of acquiring, designing, developing and operating our planned major studio complexes. Also in September 2005, we began the process of assessing the feasibility of an educational studio complex in Tustin, California. Designed to be a state-of-the-art education and technology campus with an emphasis on film, television and digital media, the project known as the “Advanced Technology and Education Park”, which will be the home for “Camelot Studios at ATEP”, is now in the entitlement process.

During fiscal year 2006, with the emergence of our studio group operations, we decided to implement a corporate structure that would feature the parent company, Camelot Entertainment Group, Inc., and three subsidiaries, Camelot Film Group, Camelot Studio Group and Camelot Production Services Group. By establishing three top-level divisions, we expect to be able to streamline our management efforts in the future, concentrate cost centers and expand revenue potential.

During fiscal year 2007, our efforts were focused on our first major studio complex through our Camelot Studio Group division and on the continuing development of projects through our Camelot Film Group division. We also continued to make progress toward the planned launch of our various divisions described herein.

Business of the Issuer

Our Structure

We are comprised of the following three top-level divisions that can act in concert on our projects or autonomously as circumstances warrant. Our activity in CFG and CPS has been limited. Our main activity has been in our CSG division. As we progress through the implementation of our business model, each of our divisions are expected to become fully operational. This process is expected to take approximately three to five years.

§	Camelot Film and Media Group (“CFG”)
§	Camelot Studio Group (“CSG”)
§	Camelot Production Services Group (“CPS”)

Camelot Film and Media Group is expected to be responsible for all content production and distribution. It plans to be organized into nine divisional units:

§	Camelot Films®
§	Camelot Features
§	Camelot Television Group
§	Camelot Urban Entertainment
§	Camelot Latin Entertainment
§	Ferris Wheel Films
§	Camelot Gaming
§	Camelot Digital Media
§	Camelot Distribution Group

ITEM 1. DESCRIPTION OF BUSINESS - continued

Business of the Issuer - continued

Camelot Studio Group is solely focused on the development, financing, design, planning, building, completion and operation of our major production studio projects, including the proposed educational studio complex located at the Advanced Technology & Education Park (“ATEP”) campus in Tustin, California. The studio group includes the following three divisions:

§	Camelot Development Group, LLC
§	Camelot Studio Operations
§	Camelot Studios Financial Group

Camelot Production Services Group is expected to be comprised of ten divisional units:

- § Camelot Entertainment Financial Group
- § Camelot Studio Services
- § Camelot Technology Group
- § Camelot Entertainment Consulting Group
- § Camelot Post Production
- § Camelot Event Management
- § Camelot University
- § Camelot Sales and Marketing
- § Camelot Merchandising
- § Camelot Web

Camelot Entertainment Group

Our parent Company, Camelot Entertainment Group, along with its three main divisions, Camelot Film Group, Camelot Studio Group and Camelot Production Services Group, all come together under a truly unique business model whose vision is to transform Hollywood by building a different kind of motion picture studio through redefining the development, finance, production and distribution process. Focusing on higher quality, lower costs productions, utilizing in-house distribution expertise, maximizing profits through innovative fiscal disciplines, embracing education and digital technology, establishing creative and physical infrastructures and creating, controlling and monetizing content, Camelot is in the process of modernizing the original studio system.

Our unique business model, which we are planning to apply for a business process patent on, has been thirty years in the making. Its primary goal is simple: to create a world where filmmaking dreams come true. Each step of the process is critical to achieving success, providing creative and financial opportunity while meeting the increasing world-wide demand for quality content. To achieve success, the Company is focused on creating, developing, controlling and monetizing the content; acquiring, building and exploiting library assets; and acquiring, developing, building and operating studios domestically and internationally. The underlying principal of our business model is education. Through education comes infrastructure, which leads to utilization, which in turn provides opportunity, which eventually leads to success.

There are four main business principles that matriculate through each of Camelot’s three main divisions: Financial Transparency, Full-Time Employment, Stock Ownership and Revenue Sharing. Each of these supplies the foundation from which the Company is implementing its business strategy as it pursues success in the film, television and digital media marketplace.

Camelot Film and Media Group

Our core business model, while going through different structures during the years, has remained basically the same since the inception of Camelot Films in 1978: modernize in a creative and fiscally responsible way the development, production and distribution of feature films. While in recent years our business model has matured to include television and digital media, the foundation of our business model remains entrenched in the motion picture industry.

We currently are negotiating agreements or have in development the following feature film projects as of December 31, 2007:

Title	Expected Production Year*
Girls Day Out	2009
Eyes of the Red Skull	2010
Drop the Elephant	2010
Hasten the Dawn	2011
Dying to Live	2010
Back to Life	2011
Digby The Gunpowder Plotters Legacy	2011
Mea Culpa	2010
R & J The Movie	2010
Will Triumph Fights Alone	2011
Mexican Alarm Clock	2010
Gracelawn	2011
Road Kill	Hold

ITEM 1. DESCRIPTION OF BUSINESS - continued

Camelot Film and Media Group - continued

We currently have the following feature documentary project in Production:

Title	Expected Release Year*
Damn Right I'm Mad*	2009
* Note: Feature Documentary; Camelot Urban Entertainment	

This full length documentary production is the first production undertaken by Camelot Urban Entertainment, a division of Camelot Film and Media Group. The current version of the film is in post production with additional material expected to be added in 2008. The documentary is a multi-year project. It is being directed by Omar McGee, who has been working with us to establish Camelot Urban Entertainment. We expect to commence distribution of the film in 2009.

Our film, television and digital media development and production activity has been limited during the past two and one half years as the focus has been on successful completion of the Camelot Studios at ATEP project. Now that the project is in the entitlement stage, our activity in film, television and digital media should steadily increase during 2008.

Camelot Films®

Camelot Films is home to our unique “Camelot Production Model”, also known as “CPM”. Formerly referred to as the “Camelot Studio Model”, or “CSM”, the advent of our Camelot Studio Group division in 2005 necessitated a name change for this different approach to the development, production and distribution of feature films. The CPM provides for multiple feature films to be produced in annualized schedules known as “Slates”. The CPM incorporates the basic features previously described, including financial transparency, full time employment, stock ownership and revenue sharing. The CPM offers maximum flexibility, cost reductions, increased productivity, embraces new technologies and provides education and employment opportunities.

With proposed annualized budgets and a production schedule that would propose multiple feature films being produced in a short-term period (“Slates”), Camelot Films takes the best of the old studio system, and merges it into the 21st century. By proposing to eliminate many of the old studio system drawbacks, such as long term, non-negotiable actor contracts which tied an actor to a single studio for years, and by incorporating new business methods and technologies, such as creative freedom and digital, Camelot Films is designed to provide the filmmaker with the tools necessary to develop, produce and distribute their projects, either through Camelot Films® or through another entity with the assistance of Camelot.

Camelot Features

A traditional production company, Camelot Features offers complete script development, full packaging services, co-productions and through Camelot Production Services Group financial structuring. Camelot Features is currently developing a slate of small to mid-range budget features (see table above) for production to begin in late 2009. Camelot Features also incorporates elements of the CPM described above. The division will also establish production company incubators to assist new production entities.

Camelot Television Group

The newest addition to the Camelot family, Camelot Television Group plans to be active in pilot production, series development, providing show running services and transitioning television programming into syndication. The division will also establish production company incubators to assist new production entities.

Camelot Urban Entertainment

Camelot Urban Entertainment is developing, producing and distributing entertainment aimed at the urban marketplace, a fast growing segment of the entertainment industry. It plans to produce features, television, documentaries, music and live events. The division will also establish production company incubators to assist new production entities. The divisions first feature documentary, "Damn Right I'm Mad", is currently in post production.

ITEM 1. DESCRIPTION OF BUSINESS - continued

Camelot