

Pacific Ventures Group, Inc.
Form 10-Q
November 13, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number 000-54584

Pacific Ventures Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

75-2100622

(State or other jurisdiction of

(IRS Employer Identification No.)

incorporation or organization)

200 Camelia Court, Vero Beach, Florida

32963

(Address of principal executive offices)

(Zip Code)

(772) 231-1244

(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 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

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 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 equity, as of the latest practicable date.

384,031 shares of \$0.001 par value common stock on November 3, 2014

Part I FINANCIAL INFORMATION

Item 1. Financial Statements

Pacific Ventures Group, Inc.

FINANCIAL STATEMENTS

(UNAUDITED)

September 30, 2014

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. However, in the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position and results of operations for the periods presented have been made. These financial statements should be read in conjunction with the accompanying notes, and with the historical financial information of the Company.

PACIFIC VENTURES GROUP, INC.**(A Development Stage Company)****Balance Sheets**

	September 30, 2014 (Unaudited)	December, 31 2013
Assets		
Current Assets:		
Cash	\$	\$ 7
Total assets	\$	\$ 7
Liabilities and Stockholders Equity (Deficit)		
Current Liabilities:		
Accounts Payable	\$ 4,715	\$ 4,262
Notes Payable	14,576	2,074
Notes Payable due to officer	400	
Interest payable	100	
Interest Payable due to officer	4	
Total current liabilities	19,795	6,336
Commitments and Contingencies		
Stockholders equity (deficit):		
Preferred Stock, 10,000,000 shares authorized; \$0.001 par		
Value		
Series E Preferred stock, 1,000,000 shares authorized, issued and outstanding	1,000	1,000
Common stock, \$0.001 par value; 100,000,000 shares authorized; 384,031 shares issued and outstanding	384	384
Additional paid-in capital	47,075,200	47,075,200
Retained earnings (deficit) - prior to development stage	(46,974,719)	(46,974,719)
Deficit accumulated during development stage	(121,660)	(108,194)
Total stockholder s equity (deficit)	(19,795)	(6,329)
Total liabilities and stockholders equity (deficit)	\$	\$ 7

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

PACIFIC VENTURES GROUP, INC.**(A Development Stage Company)****Statements of Operations****(Unaudited)**

	For the Three Months Ended				From the
	September 30,		For the Nine Months Ended		Reactivation
	2014	2013	September 30,	2013	on
			2014		September 19,
					2005 through
					Sept. 30,
					2014
	\$	\$	\$	\$	\$
Revenue					
Operating expenses:					
General and administrative	3,335	3,430	13,362	14,059	120,552
Total operating expenses	3,335	3,430	13,362	14,059	120,552
Loss from operations	(3,335)	(3,430)	(13,362)	(14,059)	(120,552)
Other Income (Expense)					
Interest income					42
Interest expense	(47)		(104)	(464)	(1,150)
Total other income (expense)	(47)		(104)	(464)	(1,108)
Net income (loss)	\$ (3,382)	\$ (3,430)	\$ (13,466)	\$ (14,523)	\$ (121,660)
Net income (loss) per share of common stock	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.04)	
Weighted average number of common shares	384,031	384,031	384,031	384,031	

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

PACIFIC VENTURES GROUP, INC.**(A Development Stage Company)****Statements of Cash Flows****(Unaudited)**

	For the Nine Months Ended		From the Reactivation on September 19, 2005 through September 30, 2014
	2014	September 30, 2013	
Cash flows from operating activities:			
Net income (loss)	\$ (13,466)	\$ (14,523)	\$ (121,660)
Adjustments to reconcile net loss to net cash used			
by operating activities			
Changes in operating assets and liabilities:			
Increase (decrease) in accounts payable	453	(1,583)	4,715
Increase (decrease) in accrued interest	104	(583)	104
Net cash used in operating activities	(12,909)	(16,689)	(116,841)
Cash flows from financing activities:			
Purchase of Series B Preferred Stock			(5,000)
Proceeds from sale of Series E Preferred Stock		165,000	165,000
Purchase of Series E Preferred Stock		(109,416)	(109,416)
Payments - related party payable		(39,235)	(54,538)
Proceeds - related party payable	400		104,938
Proceeds from notes payable	12,502		14,576
Net cash provided by financing activities	12,902	16,349	115,560
Net change in cash	(7)	(340)	(1,281)
Cash, beginning of period	7	383	1,281
Cash, end of period	\$	\$ 43	\$
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Income Taxes	\$	\$	\$
Interest	\$	\$ 1,046	\$ 1,046

Non-cash investing and financing activities:

Issuance of preferred stock in payment of

note payable	\$	\$	\$	50,000
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The accompanying notes are an integral part of these financial statements.

Pacific Ventures Group, Inc.

(a development stage company)

Notes to Unaudited Financial Statements

September 30, 2014

Note 1: Basis of Presentation and Summary of Significant Accounting Policies

Organization Pacific Ventures Group, Inc. (the Company or Pacific Ventures) was incorporated under the laws of the State of Delaware on October 3, 1986, under the name AOA Corporation. On November 12, 1991, the Company changed its name to American Eagle Group, Inc. On October 22, 2012, the Company changed its name to Pacific Ventures Group, Inc.

Reorganization, Development Stage Company The Company is in the development stage since it is not currently conducting any business, nor has it conducted any business since its reactivation on September 19, 2005. Since that time, the Company has been investigating potential business ventures which, in the opinion of management, will provide a source of eventual profit. Such involvement may take many forms, including the acquisition of an existing business or the acquisition of assets to establish subsidiary businesses.

Going Concern The Company's financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not generated any revenue for several years and the sole officer and director of the Company has provided capital to pay prior and current obligations. The Company requires additional capital to continue its limited operations. Furthermore, the Company's officer and director serves without compensation. The Company assumes that these arrangements and the availability of future capital sources will continue into the future, but no assurance thereof can be given. A change in these circumstances would have a material adverse effect on the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Income Taxes

The Company utilizes the liability method of accounting for income taxes as set forth in ASC 740-20, *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.

Estimates

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.

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.

Revenue Recognition

The Company plans to recognize revenue when the following four conditions are present: (1) persuasive evidence of an agreement exists, (2) the price is fixed or determinable, (3) delivery has occurred or services are rendered, and (4) collection is reasonably assured.

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Notes to Unaudited Financial Statements

September 30, 2014

(Continued)

Income (Loss) Per Common Share

Income (Loss) per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the periods presented. The Company has no potentially dilutive securities. Accordingly, basic and dilutive loss per common share are the same.

Fair Value

The carrying values of cash and cash equivalents, and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments.

Recently Issued 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.

Note 2: Income Taxes

Due to losses at September 30, 2014 and 2013, the Company had no income tax liability. At September 30, 2014 and 2013, the Company had available unused operating loss carry forwards of approximately \$121,660 and \$105,216, respectively, which may be applied against future taxable income and which expire in various years through 2034.

The amount of and ultimate realization of the benefits from the operating loss carry forwards for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company and other future events, the effects of which cannot be determined at this time. Because of the uncertainty surrounding the realization of the loss carry forwards, the Company has established a valuation allowance equal to the tax effect of the loss carry forwards and, therefore, no deferred tax asset has been recognized for the loss carry forwards. The net deferred tax assets are approximately \$45,379 and \$39,246 as of September 30, 2014 and 2013, respectively, with an offsetting valuation allowance of the same amount resulting in a change in the valuation allowance of approximately \$5,022 during the nine months ended September 30, 2014.

Components of income tax are as follows:

	Nine Months Ended Sept. 30	
	2014	2013
Current	\$	\$
Federal	\$	\$
State	\$	\$
	\$	\$
Deferred	\$	\$
	\$	\$

Pacific Ventures Group, Inc.

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Notes to Unaudited Financial Statements

September 30, 2014

(Continued)

A reconciliation of the provision for income tax expense with the expected income tax computed by applying the federal statutory income tax rate to income before provision for income taxes as follows:

	Nine Months Ended September 30	
	2014	2013
Income tax computed at		
Federal statutory tax rate of 34%	\$ (4,578)	\$ (4,938)
State taxes (net of federal benefit) of 3.3% for 2014 and 2013	(444)	(479)
Deferred taxes and other	5,022	5,417
	\$ -	\$ -

The Company has no tax positions at September 30, 2014 and 2013, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the period ended September 30, 2014 and 2013, the Company recognized no interest and penalties. The Company had no accruals for interest and penalties at September 30, 2014 and 2013.

Note 3: Capital Stock

Preferred Stock and Common Stock The Company's Board of Directors is expressly granted the authority to issue, without stockholder action, the authorized shares of the Company's preferred and common stock. The Board of Directors may issue shares and determine the powers, preferences, limitations, and relative rights of any class of shares before the issuance thereof.

Preferred Stock On October 22, 2012, the Company filed a Restated and Amended Certificate of Incorporation increasing the authorized Preferred Stock to 10,000,000 shares, par value \$.001 per share.

Series E Preferred Stock was authorized October 2006 for up to 1,000,000 shares. Under the rights, preferences and privileges of the Series E Preferred Stock, the holders of the preferred stock receive a

10 to 1 voting preference over common stock. Accordingly, for every share of Series E Preferred Stock held, the holder received the voting rights equal to 10 shares of common stock. The Series E Preferred Stock is not convertible into any other class of stock of the Company and has no preference to dividends or liquidation rights. As of September 30, 2014, and December 31, 2013, there were 1,000,000 Series E Preferred shares outstanding.

In June 2013, the Company purchased 1,000,000 shares of Series E Preferred Stock from a shareholder for \$109,416 and 200,000 shares of common stock of the Company. Also in June, the Company issued 1,000,000 shares of Series E Preferred Stock for \$165,000.

Common Stock On October 22, 2012, the Company filed a Restated and Amended Certificate of Incorporation increasing the authorized common stock to 100,000,000 shares, par value \$.001 per share. Effective November 8, 2012, there was a reverse split of the issued and outstanding common stock of the Company on a basis of fifty (50) to one (1). All fractional shares were rounded up to the nearest whole share, with no shareholder falling below 100 shares. There were 43,089 shares issued for rounding and are accounted for as if the split had occurred at the beginning of the first period presented. As of September 30, 2014, and December 31, 2013, there were 384,031 shares of common stock outstanding.

Pacific Ventures Group, Inc.

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Notes to Unaudited Financial Statements

September 30, 2014

(Continued)

Note 4: Related Party Transactions

On March 31, 2014, Brett Bertolami, the sole officer and director of the Company converted advanced money to the company into a promissory note for \$400. The money was used to pay operating expenses. The note will accrue interest at 2% annually until repaid. As of September 30, 2014, interest payable is \$4.

Between August 2005 and September 2006, Capital Builders, Inc., a company owned and controlled by Kip Eardley, who was also an officer and director of the Company, advanced \$50,000 to the Company. Mr. Eardley resigned in September 2006. On October 23, 2006, the Company entered into a Debt Settlement Agreement with Capital Builders whereby 100% of the debt was exchanged for 1,000,000 Series E Preferred Shares. In June 2013, the Company repurchased these shares for \$109,416 and 200,000 shares of common stock.

Kip Eardley became the sole officer and director again on December 31, 2008. From that time until June 18, 2013, Mr. Eardley advanced money to the company and the amounts were converted into the following promissory notes:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
September 30, 2011	\$10,900	November 6, 2012	\$4,000
December 30, 2011	\$ 1,500	February 26, 2013	\$5,000