

Data Storage Corp
Form 10-Q
November 15, 2010
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2010

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

For the transition period from _____ to _____.

DATA STORAGE CORPORATION
(Exact name of registrant as specified in Charter)

NEVADA
(State or other
jurisdiction of
incorporation or
organization)

333-148167
(Commission File No.)

98-0530147
(IRS Employee
Identification No.)

401 Franklin Avenue
Garden City, N.Y. 11530
(Address of Principal Executive Offices)

(212) 564-4922
(Registrant's Telephone number)

(Former Name or Former Address if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of “accelerated filer” and “large accelerated filer” in Rule 12b-2 of the Exchange Act (Check one):

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

State the number of shares outstanding of each of the issuer’s classes of stock, as of November 13 2010:

	Number of Shares
Common Stock	17,127,541
Preferred Stock	1,401,786

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PART I – Financial Information

ITEM 1. FINANCIAL STATEMENTS

DATA STORAGE CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	September 30, 2010	December 31, 2009
ASSETS		
Current Assets:	(Unaudited)	
Cash and cash equivalents	\$ 29,370	\$ 28,160
Accounts receivable (less allowance for doubtful accounts of \$17,000 in 2010 and \$12,300 in 2009)	341,777	30,378
Deferred Compensation	9,285	101,160
Prepaid Expenses	58,302	21,103
Total Current Assets	438,734	180,801
Property and Equipment:		
Property and equipment	2,032,763	1,221,706
Less—Accumulated depreciation	(1,090,217)	(913,383)
Net Property and Equipment	942,546	308,323
Other Assets:		
Goodwill	2,201,828	-
Deferred compensation	21,664	28,628
Other assets	16,380	11,760
Intangible Assets, net	1,351,574	135,931
Employee loan	23,000	23,000
Total Other Assets	3,614,446	199,319
Total Assets	4,995,726	688,443
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued expenses	648,263	103,965
Credit line payable	92,470	99,970
Due to related party	48,218	34,718
Dividend Payable	112,500	75,000
Deferred revenue	464,117	36,869
Leases payable	353,537	-
Loans payable	62,989	-
Contingent consideration in SafeData acquisition	763,807	-
Total Current Liabilities	2,545,901	350,522
Deferred rental obligation	26,974	28,642
Due to officer	614,628	379,025
Loan payable long term	208,034	-
Leases payable long term	181,306	-
Contingent consideration in SafeData acquisition – long term	15,630	-
Convertible debt	169,394	-
Total Long Term Liabilities	1,215,966	407,667
Total Liabilities	3,716,867	758,189

Commitments and contingencies	-	-
Stockholders' Equity:		
Preferred Stock, \$.001 par value; 10,000,000 shares authorized; 1,401,786 shares issued and outstanding in each period	1,402	1,402
Common stock, par value \$0.001; 250,000,000 shares authorized; 17,127,541 and 13,670,399 shares issued and outstanding, respectively	17,127	13,670
Additional paid in capital	6,885,604	4,808,558
Accumulated deficit	(5,670,274)	(4,893,376)
Total Stockholders' Equity (Deficit)	1,233,859	(69,746)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 4,995,726	\$ 688,443