MORGAN GROUP HOLDING CO
Form 10-Q
May 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

Or

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

For the transition period from ___________ to ___________

Commission File No. 333-73996

MORGAN GROUP HOLDING CO.

(Exact name of small business issuing as specified in its charter)

Delaware	13-4196940
(State or other jurisdiction of Incorporation of organization)	(IRS Employer Identification Number)

401 Theodore Fremd Avenue, Rye, New York	10580
(Address of principal executive offices)	(Zip Code)

(914) 921-1877

(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. [X] 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	[ ]	Smaller reporting company	[X]
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

[X] Yes [ ] No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date.

Class	Outstanding at April 30, 2008
Common Stock, $.01 par value	3,055,345

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Unaudited Financial Statements

Condensed Balance Sheets as of
March 31, 2008, December 31, 2007 and March 31, 2007

Condensed Statements of Operations for the
Three Months Ended March 31, 2008 and 2007

Condensed Statements of Cash Flows for the
Three Months Ended March 31, 2008 and 2007

Notes to Condensed Financial
Statements as of March 31, 2008

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Morgan Group Holding Co.
Condensed Balance Sheets
(Unaudited)
(Dollars in thousands)

	March 31, 2008	December 31, 2007	March 31, 2007
ASSETS			
Current assets:			
Cash and cash equivalents	$ 444	$ 440	$ 428
Total curent assets	444	440	428
Net assets of The Morgan Group, Inc.	--	- -	--

Total assets	$ 444	$ 440	$ 428
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accrued Liabilities	$ 22	$ --	$ --
Total current liabilities	22	--	--
SHAREHOLDERS' EQUITY			
Preferred stock, $0.01 par value, 1,000,000 shares authorized, none outstanding	--	--	--
Common stock, $0.01 par value, 10,000,000 shares authorized, 3,055,345 outstanding	30	30	30
Additional paid-in-capital	5,612	5,612	5,612
Accumulated deficit	(5,220)	(5,202)	(5,214)
Shareholders' equity	422	440	428
Total liabilities and shareholders' equity	$ 444	$ 440	$ 428

See accompanying notes to condensed financial statements

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Morgan Group Holding Co.
Condensed Statements of Operations
(Unaudited)
(Dollars and shares in thousands, except per share amounts)

	Three Months Ended March 31,	
	2008	2007
Administrative expenses	$ (22)	$ (1)
Investment income	4	5
Net (loss) profit	$ (18)	$ 4
Basic and diluted net (loss) profit per share	$ (0.01)	$ 0.00
Weighted average shares outstanding	3,055	3,055

See accompanying notes to condensed financial statements

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Morgan Group Holding Co.
Condensed Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2007
Cash Flows from Operating activities:		
Interest received	$ 4	$ 5
Cash paid to suppliers	--	(1)
Net cash provided by operating activities	4	4
Cash Flow from Investing Activities	--	--
Cash Flow from Financing Activities	--	--
Net increase in cash	4	4
Cash, Beginning of Period	440	423
Cash, End of Period	$ 444	$ 427

See accompanying notes to condensed financial statements

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Morgan Group Holding Co.
Notes to Financial Statements

Note 1. Basis of Presentation

Morgan Group Holding Co. ("Holding" or "the Company") was incorporated in November 2001 as a wholly-owned subsidiary of LICT Corporation ("LICT, formerly Lynch Interactive Corporation") to serve, among other business purposes, as a holding company for LICT's controlling interest in The Morgan Group, Inc. ("Morgan"). On December 18, 2001, LICT's controlling interest in Morgan was transferred to Holding. At the time, Holding owned 68.5% of Morgan's equity interest and 80.8% of Morgan's voting interest. On January 24, 2002, LICT spun off 2,820,051 shares of Holding common stock through a pro rata distribution ("Spin-Off") to its stockholders. LICT retained 235,294 shares of Holding common stock to be distributed in connection with the potential conversion of a convertible note that had been issued by LICT. Such note was repurchased by LICT in 2002 and LICT retains the shares.

On October 3, 2002, Morgan ceased its operations when its liability insurance expired and it was unable to secure replacement insurance. On October 18, 2002, Morgan and two of its operating subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Indiana, South Bend Division for the purpose of conducting an orderly liquidation of Morgan's assets.

On October 18, 2002, Morgan adopted the liquidation basis of accounting and, accordingly, Morgan's assets and liabilities have been adjusted to estimate net realizable value. As the carry value of Morgan's liabilities exceeded the fair value of its assets, the liabilities were reduced to equal the estimated net realizable value of the assets.

Management believed that it was unlikely that the Company would realize any value from its equity ownership in Morgan and, given the fact that the Company had no obligation or intention to fund any of Morgan's liabilities, its investment in Morgan was believed to have no value after its liquidation. Because the liquidation of Morgan was under the control of the bankruptcy court, the Company believed it had relinquished control of Morgan and, accordingly, deconsolidated its ownership interest Morgan in its financial statements during 2002. On March 31, 2008, the bankruptcy proceeding was concluded and the bankruptcy court dismissed the proceeding. Morgan received no value for its equity ownership from the bankruptcy proceeding.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Articles 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements." This Statement defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The Statement clarifies the rule that fair value be based on the assumptions that market participants would use when pricing an asset or liability, and establishes a fair value hierarchy that prioritizes the framework and information used to develop those assumptions. FASB Staff Position 157-2 delays the effective date of SFAS No. 157 to allow the FASB Board additional time to consider the effect of various implementation issues that have arisen, or that may arise, from the application of SFAS No. 157. Under FASB Staff Position 157-2, the Company is required to adopt the provisions of SFAS No. 157 for financial statements issued for fiscal years beginning after November 15, 2008. The adoption of SFAS No. 157 is not expected to have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) will require the acquirer in a business combination to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with acquisition-related costs recognized separately from the acquisition. SFAS No. 141(R) applies prospectively to business combinations occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements." SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008.

Note 2. Net assets of Morgan Group

At March 31, 2008, December 31, 2007, and March 31, 2007, the estimated value of Morgan's assets in liquidation was insufficient to satisfy its estimated obligations.

Note 3. Income Taxes

The Company is a "C" coporation for Federal tax purposes, and has provided for deferred income taxes for temporary differences between the financial statement and tax bases of its assets and liabilities. The Company has recorded a full valuation allowance against its deferred tax asset of approximately $1.7 million arising from its temporary basis differences and tax loss carryforward, as its realization is dependent upon the generation of future taxable income during the period when such losses would be deductible.

Pursuant to Sections 382 and 383 of the Internal Revenue Code, annual use of any of the Company's net operating loss carry forwards may be limited if cumulative changes in ownership of more than 50% occur during any three year period.

Note 4. Commitments and Contingencies

Holding has not guaranteed any of the obligations of Morgan and it has no further commitment or obligation to fund any creditors.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

On October 18, 2002, Morgan adopted the liquidation basis of accounting and accordingly, Morgan's assets and liabilities have been adjusted to estimate net realizable value. As the carrying value of Morgan's liabilities exceeded the fair value of its assets, the liabilities were reduced to equal the estimated net realizable value of the assets.

The Company currently has no operating businesses and will seek acquisitions as part of its strategic alternatives. Its only costs are the administrative expenses required to make the regulatory filings needed to maintain its public status. These costs are estimated at $30,000 to $40,000 per year.

Results of Operations

For the three months ended March 31, 2008, the Company incurred about $22,000 of expenses as compared to less than $1,000 of expenses in the three months ended March 31, 2007. During the three months ended March 31, 2008, the Company accrued $18,000 for the audit fees and its 2007 and 2006 financial statements.

No audit expenses were recorded during the previous year. Also, during 2008 $3,000 of legal expenses were incurred.

Investment income was approximately $4,000 in the three months ended March 31, 2008 as compared to $5,000 in the three months ended March 31, 2007, as a result of the Company's investment in a United States Treasury money market fund. Lower interest rates caused the decrease in 2008.

Liquidity and Capital Resources

As of March 31, 2008, the Company's only assets consisted of approximately $440,000 in cash and a capital loss carry forward of about $4 million which it expects will expire in 2013. The ability to utilize this carry forward is dependent on the Company's ability to generate a capital gain prior to its expiration.

Off Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Analysis of Market Risk

As of March 31, 2008, the Company had no market sensitive assets or liabilities, and, as a result, management believes that the Company is minimally exposed to changes in market risk.

Recently Issued Accounting Pronouncements

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None.

Item 4T. Controls and Procedures

a) Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were designed and were functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. The Company believes that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

b) Changes in Internal Controls

During the period covered by this report, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our financial statements.

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Forward Looking Discussion

This report contains a number of forward-looking statements, including statements regarding the prospective adequacy of the Company's liquidity and capital resources in the near term. From time to time, the Company may make other oral or written forward-looking statements regarding its anticipated operating revenues, costs and expenses, earnings and other matters affecting its operations and condition. Such forward-looking statements are subject to a number of material factors, which could cause the statements or projections contained therein, to be materially inaccurate. Such factors include the estimated administrative expenses of the Company on a go forward basis.

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PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

Exhibit 3.1 Certificate of Incorporation of the Company*

Exhibit 3.2 By-laws of the Company*

Exhibit 31.1 Chief Executive Officer Rule 15d-14(a) Certification.

Exhibit 31.2 Principal Financial Officer Rule 15d-14(a) Certification.

Exhibit 32.1	Chief Executive Officer Section 1350 Certification.
Exhibit 32.2	Principal Financial Officer Section 1350 Certification.

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* Incorporated by reference to the exhibits to the Company's Registration Statement on Form S-1 (Registration No. 333-73996).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MORGAN GROUP HOLDING CO.

By: /s/ Robert E. Dolan

ROBERT E. DOLAN
Chief Financial Officer

May 12, 2008