

SECURE ALLIANCE HOLDINGS CORP
Form 10-Q
May 15, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file Number 000-17288

SECURE ALLIANCE HOLDINGS CORPORATION

Delaware
(State or other jurisdiction of incorporation or
organization)

75-2193593

(I.R.S. Employer Identification No.)

5700 Northwest Central Dr, Ste 350, Houston, Texas
(Address of principal executive offices)

77092
(Zip Code)

Registrant's telephone number, including area code: (713) 783-8200

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 requirement for the past 90 days. 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. (Check one):

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 Act). Yes No

The number of shares of common stock outstanding as of the close of business on May 14, 2008 was 19,484,032.

SECURE ALLIANCE HOLDINGS CORPORATION

TABLE OF CONTENTS

Page

PART I. FINANCIAL INFORMATION

<u>Item 1. Financial Statements</u>	3
<u>Condensed Balance Sheets as of March 31, 2008 (unaudited) and September 30, 2007</u>	3
<u>Unaudited Condensed Statements of Operations for the Three and Six Months Ended March 31, 2008 and 2007</u>	4
<u>Unaudited Condensed Statements of Comprehensive Income (Loss) for the Three and Six Months Ended March 31, 2008 and 2007</u>	5
<u>Unaudited Condensed Statements of Cash Flows for the Six Months Ended March 31, 2008 and 2007</u>	6
<u>Notes to Condensed Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	9
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	11
<u>Item 4T. Controls and Procedures</u>	11

PART II. OTHER INFORMATION

<u>Item 1. Legal Proceedings</u>	11
<u>Item 1A. Risk Factors</u>	11
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	11
<u>Item 3. Defaults Upon Senior Securities</u>	11
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	12
<u>Item 5. Other Information</u>	12
<u>Item 6. Exhibits</u>	12
<u>Signatures</u>	13
Certification Pursuant to Section 302	
Certification Pursuant to Section 906	

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SECURE ALLIANCE HOLDINGS CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED BALANCE SHEETS

	March 31, 2008 (unaudited)	September 30, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 9,363,061	\$ 882,116
Certificates of deposit	—	11,177,567
Marketable securities available-for-sale	303,300	505,500
Notes receivable	2,500,000	—
Interest and other receivables	33,470	204,113
Prepaid expenses and other assets	76,718	—
Total current assets	12,276,549	12,769,296
Other assets	4,000	4,000
Total assets	\$ 12,280,549	\$ 12,773,296
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 106,433	\$ —
Accrued liabilities	157,901	141,401
Total liabilities	264,334	141,401
Commitments and contingencies		
Shareholders' Equity:		
Common stock, \$.01 par value, authorized 100,000,000 shares; issued and outstanding 19,484,032 and 19,441,524 shares, respectively	194,840	194,415
Additional paid-in capital	30,127,147	30,008,008
Accumulated deficit	(18,309,072)	(17,776,028)
Accumulated other comprehensive income	3,300	205,500
Total shareholders' equity	12,016,215	12,631,895
Total liabilities and shareholders' equity	\$ 12,280,549	\$ 12,773,296

See accompanying Notes to Condensed Financial Statements.

Table of Contents

SECURE ALLIANCE HOLDINGS CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2008	2007	2008	2007
Revenues	\$	—\$	—\$	—\$
Selling, general and administrative	505,057	244,850	840,342	620,921
Operating loss	(505,057)	(244,850)	(840,342)	(620,921)
Other income (expense):				
Interest income	132,615	148,646	307,298	317,225
Reorganization fee paid to Laurus	—	—	—	(6,508,963)
Total other income (expense)	132,615	148,646	307,298	(6,191,738)