MORGAN GROUP HOLDING CO
Form 10-Q
July 30, 2009

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 June 30, 2009

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

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 July 30, 2009
Common Stock, $.01 par value	3,055,345

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

Unaudited Financial Statements

Condensed Balance Sheets as of
June 30, 2009, December 31, 2008 and June 30, 2008

Condensed Statements of Operations for the
Three and Six Months Ended June 30, 2009 and 2008

Condensed Statements of Cash Flows for the
Six Months Ended June 30, 2009 and 2008

Notes to Condensed Financial
Statements as of June 30, 2009

2

Morgan Group Holding Co.
Condensed Balance Sheets
(Unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$392,652	$404,876
Prepaid expenses	--	7,500
Total curent assets	392,652	412,376
Total assets	$392,652	$412,376
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accrued Liabilities	$--	$--
Total current liabilities	--	--

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	30,553	30,553
Additional paid-in-capital	5,611,447	5,611,447
Accumulated deficit	(5,249,348)	(5,229,624)
Shareholders' equity	392,652	412,376
Total liabilities and shareholders' equity	$392,652	$412,376

See accompanying notes to condensed financial statements

3

Morgan Group Holding Co.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ende June 30	
	2009	2008	2009	20
Revenues	$--	$--	$--	
Administrative expenses	(4,056)	(5,751)	(20,342)	(
Other income - interest	216	2,082	618	
Net loss	$(3,840)	$(3,669)	$(19,724)	$(
Basic and diluted net loss per share	$(0.00)	$(0.00)	$(0.01)	
Weighted average shares outstanding	3,055,345	3,055,345	3,055,345	3,0

See accompanying notes to condensed financial statements

4

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

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash Flows from Operating activities:		
Interest received	$618	$5,535
Cash paid to suppliers	(12,842)	(27,255)
Net cash used in operating activities	(12,224)	(21,720)
Cash Flow from Investing Activities	--	--
Cash Flow from Financing Activities	--	--
Net decrease in cash	(12,224)	(21,720)
Cash, Beginning of Period	404,876	440,246
Cash, End of Period	$392,652	$418,526

Reconciliation of net loss to net cash used in operating activities:	2009	2008
Net loss	$(19,724)	$(22,254)
Decrease in prepaid expenses	7,500	--
Increase in accrued liabilities	--	534
Net cash used in operating activities	$(12,224)	$(21,720)

See accompanying notes to condensed financial statements

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 Article 8 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 and months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. 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 May, 2008, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles." FASB Statement No. 162 identifies the sources for accounting principles and the framework for selecting the principles used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles ("GAAP") in the United States. The statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. This statement is not expected to affect the Company's financial statements.

Note 2. Income Taxes

The Company is a "C" corporation 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 3. Commitments and Contingencies

On March 31, 2008, the bankruptcy court dismissed Morgan's bankruptcy proceeding. Holding had not guaranteed any of the obligations of Morgan. Management believes that the Company has no commitment or obligation to fund any creditors of Morgan.

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 June 30, 2009, the Company incurred $4,056 of expenses as compared to $5,751 of expenses in the three months ended June 30, 2008. Lower professional fees caused the reduction. For the six months ended June 30, 2009, the Company incurred $20,342 of expenses as compared to $27,789 of expenses in the six months ended June 30, 2008. Lower professional fees caused the reduction. During the six months ended June 30, 2008, the Company incurred an additional audit fee of $18,000 for the audit of its 2007 and 2006 financial statements. Also, during 2008 approximately $3,000 of legal expenses were incurred.

Investment income was $216 in the three months ended June 30, 2009 as compared to $2,082 in the three months ended June 30, 2008, and $618 in the six months ended June 30, 2009 as compared to $5,535 in the six months ended June 30, 2008, as a result of the Company's investment in a United States Treasury money market fund. Lower interest rates were the primary cause of the decreases in 2009.

Liquidity and Capital Resources

As of June 30, 2009, the Company's only assets consisted of approximately $392,652 in cash and a capital loss carry forward of about $4.5 million which it expects will substantially 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 June 30, 2009, 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

In May, 2008, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles." FASB Statement No. 162 identifies the sources for accounting principles and the framework for selecting the principles used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles ("GAAP") in the United States. The statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. This statement is not expected to affect the Company's financial statements.

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.

8

(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.

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.

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.

----

* 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

July 30, 2009