MORGAN GROUP HOLDING CO
Form 10QSB
May 15, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

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

For the quarterly period ended March 31, 2007

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 of organization)	(IRS Employer Incorporation Identification Number)

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

(914) 921-1877
Issuer's telephone number, including area code

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 28, 2007
Common Stock, $.01 par value	3,055,345

Transitional Small Business Disclosure Format (Check One): Yes ( ) No (X)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data.

Financial Statements Unaudited

Balance Sheets as of
March 31, 2007, December 31, 2006 and March 31, 2006

Statements of Operations for the
Three Months Ended March 31, 2007 and 2006

Statements of Cash Flows for the
Three Months Ended March 31, 2007 and 2006

Notes to Financial
Statements as of March 31, 2007

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

	March 31,	December 31,	Ma
	2007	2006	
ASSETS			
Current assets:			
Cash and cash equivalents	$428	$423	
Total curent assets	428	423	
Net assets of The Morgan Group, Inc.	--	- -	
Total assets	$428	$423	
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	30	
Additional paid-in-capital	5,612	5,612	
Accumulated deficit	(5,214)	(5,219)	(
Shareholders equity	428	423	
Total liabilities and shareholders' equity	$428	$423	

See accompanying notes to financial statements

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

	Three Months Ended March 31,	
	2007	2006
Administrative expenses	$ (1)	$(--)
Investment income	5	4
Net profit	$4	$4
Basic and diluted net loss per share	$0.00	$0.00
Weighted average shares outstanding	3,055	3,055

See accompanying notes to financial statements

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

Three Months Ended

	March 31, 2007	March 31, 2006
Operating activities:		
Net profit	$4	$4
Net cash provided by operating activities	4	4
Net change in cash and equivalents	4	4
Cash and cash equivalents at beginning of period	423	408
Cash and cash equivalents at end of period	$ 427	$412

See accompanying notes to 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 Lynch Interactive Corporation ("Interactive"), now known as LICT Corporation, to serve, among other business purposes, as a holding company for Interactive's controlling interest in The Morgan Group, Inc. ("Morgan"). On December 18, 2001, Interactive'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, Interactive spun off 2,820,051 shares of the Company's common stock through a pro rata distribution ("Spin-Off") to its stockholders. Interactive retained 235,294 shares of the Company's common stock to be distributed in connection with the potential conversion of a convertible note that had been issued by Interactive. Such note was repurchased by Interactive in 2002 and Interactive 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.

As Morgan has ceased operations and is in the process liquidating itself, in the accompanying balance sheet, the assets and liabilities of Morgan have been reflected as one line. Holding's management currently believes that it is very unlikely that Holding will realize any value from its equity ownership in Morgan. Furthermore, Holding has no obligation or intention to fund any of Morgan's liabilities; therefore, Holding's investment in Morgan was believed to have no value after the liquidation. As the liquidation of Morgan is under the control of the bankruptcy court, Holding believes it has relinquished control of Morgan and accordingly, has ceased consolidating the financial statements of Morgan.

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.

All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. The carrying value of cash equivalents approximates its fair value based on its nature.

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-QSB and Articles 10 and 11 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 nine months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007 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 June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes, which supplements Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes, by defining the confidence level that a tax position must meet in order to be recognized in the financial statements. FIN 48 requires the tax effect of a position to be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are recognized. This is a different standard for recognition than was previously required. The more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. At adoption, companies must adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained as of the adoption date. Any necessary adjustment is recorded directly to opening retained earnings in the period of adoption and reported as a change in accounting principle. The adoption the provisions of FIN 48 did not have a material effect on the Company's financial statements.

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Note 2. Net assets of Morgan Group

At March 31, 2007, December 31, 2006, and March 31, 2006, the estimated value of Morgan's assets in liquidation was insufficient to satisfy its estimated obligations.

Note 3. Income Taxes

No income tax benefit has been recorded in the accompanying financial statements, as the realization of such losses, for income tax purposes, is dependent upon the generation of future taxable income during the period when such losses would be deductible. Therefore, the recording of the deferred tax asset of $1.5 million would be inconsistent with applicable accounting rules.

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.

Note 5. Financial Statements not reviewed by Independent Public Accountants

On May 2, 2003, the client-auditor relationship between Holding and Ernst & Young LLP ceased. As a result, these interim financial statements have not been reviewed by independent public accountants.

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

Management's Discussion and Analysis of Financial Condition and Plan of Operation.

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 [Is this correct?] 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 $10,000 to $20,000 per year. Currently, the Company has not retained an independent auditor or incurred other accounting and administrative fees, therefore its expenses in 2006 and 2005 are well below this estimate.

Results of Operations

For the Three Months ended March 31, 2007, the Company incurred about $1,000 of expenses as compared to less tan $500 of expenses in the Three Months ended March 31, 2006. Administrative expenses are lower than expected due to the

Company's inability to retain an independent auditor.

Investment income was $5,000 in the Three Months ended March 31, 2007 to $4,000 in the three months ended March 31, 2007, as a result of the Company's investment in a United States Treasury money market fund. Higher interest rates caused the increase in 2007.

Liquidity and Capital Resources

As of March 31, 2007, the Company's only assets consisted of $427,000 in cash [The bankruptcy filing says debtors (The Morgan Group, Inc., etc.) have $900K on hand, out of which they propose to pay $255K in accrued salaries.] and a capital loss carry forward of about $4 million which it expects will expire in 2012. 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.

Quantitative and Qualitative Analysis of Market Risk

The Company is minimally exposed to changes in market risk because as of March 31, 2007 the Company has no market sensitive assets or liabilities.

Recently Issued Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes, which supplements Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes, by defining the confidence level that a tax position must meet in order to be recognized in the financial statements. FIN 48 requires the tax effect of a position to be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are recognized. This is a different standard for recognition than was previously required. The more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. At adoption, companies must adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained as of the adoption date. Any necessary adjustment is recorded directly to opening retained earnings in the period of adoption and reported as a change in accounting principle. The adoption the provisions of FIN 48 did not have a material effect on the Company's financial statements.

Item 4. Controls and Procedures

As a result of the Bankruptcy, Morgan's corporate, financial and accounting staff has been substantially reduced, thereby impairing the ability of Morgan to maintain internal controls and adequate disclosure controls and procedures. On November 12, 2002, Morgan filed a Form 15 with the Securities and Exchange Commission to terminate its registration under Section 12(g) of the Exchange Act. Given the current status of Morgan, neither the chief executive officer nor the chief financial officer of Holding has been able to evaluate the effectiveness of the disclosure controls and procedures of Morgan.

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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

(a) None.

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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

March 15, 2007