

SECURED DIVERSIFIED INVESTMENT LTD
Form 10-Q
August 19, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 June 30, 2008

Transition Report pursuant to 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period to _____

Commission File Number: 000-30653

Secured Diversified Investment, Ltd.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or
organization)

80-0068489
(IRS Employer Identification No.)

3416 Via Lido, Suite F Newport Beach, CA 92263
(Address of principal executive offices)

949 851-1069
(Issuer's telephone number)

12202 North Scottsdale Road, Phoenix, AZ 85054
(Former name, former address and former fiscal year, if
changed since last report)

Check whether the issuer (1) 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 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities and Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. N/A

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
162,862 common shares as of June 30, 2008.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited consolidated financial statements included in this Form 10-Q are as follows:

<u>F-1</u>	<u>Balance Sheets as of June 30, 2008 and 2007 (unaudited);</u>
<u>F-2</u>	<u>Statements of Operations for the three and six months ended June 30, 2008 and 2007 (unaudited);</u>
<u>F-3</u>	<u>Statement of Stockholders' Equity (Deficit)</u>
<u>F-4</u>	<u>Statements of Cash Flows for the six months ended June 30, 2008 and 2007 (unaudited);</u>
<u>F-5</u>	<u>Notes to Unaudited Financial Statements;</u>

These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended June 30, 2008 are not necessarily indicative of the results that can be expected for the full year.

Table of ContentsSECURED DIVERSIFIED INVESTMENT, LTD.
Balance Sheets

ASSETS

	June 30, 2008	December 31, 2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,428	\$ 1,684
Net assets held for sale	18,612	18,612
Real estate investments	150,000	200,000
Total Current Assets	184,040	220,296
TOTAL ASSETS	\$ 184,040	\$ 220,296
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 351,869	\$ 173,747
Accrued expenses	229,417	154,741
Accrued payroll liabilities	90,426	90,426
Total Current Liabilities	671,712	418,914
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$0.001 par value, 2,500,000 shares authorized, -0- shares issued and outstanding	-	-
Common stock, \$0.001 par value, 100,000,000 shares authorized, 162,862 shares issued and outstanding	163	163
Unissued shares	5,830	5,830
Additional paid-in capital	8,818,647	8,818,647
Accumulated deficit	(9,312,312)	(9,023,258)
Total Stockholders' Equity (Deficit)	(487,672)	(198,618)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 184,040	\$ 220,296

The accompanying notes are an integral part of these financial statements.

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Table of ContentsSECURED DIVERSIFIED INVESTMENT, LTD
Statements of Operations

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
REVENUES	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES				
General and administrative	226,194	155,696	235,998	259,680
Total Operating Expenses	226,194	155,696	235,998	259,680
INCOME (LOSS) FROM OPERATIONS	(226,194)	(155,696)	(235,998)	(259,680)
OTHER INCOME AND EXPENSE				
Interest expense	(3,056)	(4,718)	(3,056)	(6,661)
Impairment expense	-	-	(50,000)	-
Gain on settlement of debt	-	-	-	9,998
Other income (expense)	-	3,351	-	1,696
Total Other Expenses	(3,056)	(1,367)	(53,056)	5,033
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(229,250)	(157,063)	(289,054)	(254,647)
Discontinued operations	-	(13,617)	-	(21,195)
NET INCOME (LOSS) BEFORE TAXES	(229,250)	(170,680)	(289,054)	(275,842)
Income taxes	-	-	-	-
NET INCOME (LOSS)	\$ (229,250)	\$ (170,680)	\$ (289,054)	\$ (275,842)
BASIC INCOME (LOSS) PER COMMON SHARE	\$ (1.41)	\$ (1.18)	\$ (1.77)	\$ (1.90)
WEIGHTED AVERAGE NUMBER OF	162,862	144,841	162,862	144,841

COMMON SHARES
OUTSTANDING

The accompanying notes are an integral part of these financial statements.

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Table of ContentsSECURED DIVERSIFIED INVESTMENT, LTD.
Statement of Stockholders' Equity (Deficit)

	Preferred Stock Series A		Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid-In Capital	Unissued Shares	Accumulat Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2005	17,774	\$ 178	402	\$ 4	12,500	\$ 125	38,443	\$ 38	\$ 8,676,352	\$ 125,000	\$ (7,994,830)
Shares to be issued for services	-	-	-	-	-	-	-	-	-	(125,000)	-
Shares issued for services, previously issued	313	3	-	-	-	-	-	-	124,937	-	-
Shares cancelled	-	-	-	-	(12,500)	(125)	(102)	(0)	(378,623)	-	-
Shares issued for conversion of series C preferred stock	-	-	-	-	-	-	37,500	38	366,750	-	-
Shares to be issued for functional equity adjustment	(288)	(3)	-	-	-	-	-	-	(5,694)	5,830	-
Shares issued for services	-	-	-	-	-	-	50,000	50	29,950	-	-
Shares issued to investor for anti-dilution	-	-	-	-	-	-	19,000	19	(19)	-	-
Stock options expense	-	-	-	-	-	-	-	-	4,240	-	-
	-	-	-	-	-	-	-	-	-	-	(719,330)

Net income (loss) for the year ended December 31, 2006									
Balance, December 31, 2006	17,799	402	-	144,841	145	8,817,893	5,830	(8,714,100)	
Conversion of preferred stock to common stock	(17,799)	(402)	-	18,021	18	754	-		
Net income (loss) for the year ended December 31, 2007	-	-	-	-	-	-	-	(309,000)	
Balance, December 31, 2007	-	-	-	162,862	163	8,818,647	5,830	(9,023,200)	
Net income (loss) for six months ended June 30, 2008 (unaudited)	-	-	-	-	-	-	-	(289,000)	
Balance, June 30, 2008 (unaudited)	\$ -	\$ -	\$ -	162,862	\$ 163	\$ 8,818,647	\$ 5,830	\$ (9,312,300)	

The accompanying notes are an integral part of these financial statements.

Table of ContentsSECURED DIVERSIFIED INVESTMENT, LTD
Statements of Cash FlowFor the Six Months Ended
June 30,
2008 2007

OPERATING ACTIVITIES

Net income (loss)	\$ (289,054)	\$ (275,842)
Adjustments to Reconcile Net Loss to Net		
Cash Used by Operating Activities:		
Depreciation and Amortization	-	14,860
Bad debt expense	-	(1,624)
Minority Interest	-	-
Loss from discontinued operations	-	4,932
Gain on settlement of debt	-	(9,998)
Impairment of real estate	50,000	-
Increase (decrease) in assets and liabilities:		
Prepaid expenses	-	4,197
Accounts payable and accrued expenses	207,798	203,545
Accrued interest added to note payable	-	15,917
Payroll liabilities	-	41,748
Net Cash Used by Operating Activities	(31,256)	(2,265)

INVESTING ACTIVITIES

Increase in restricted cash	-	287
Net Cash Used (Provided by) by Investing Activities	-	287

FINANCING ACTIVITIES