

M B A HOLDINGS INC  
Form 10-Q  
July 17, 2006  
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**UNITED STATES  
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 **April 30, 2006**

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: **000-28221**

**M.B.A. HOLDINGS, INC.**

(Exact name of business issuer as specified in its charter)

**Nevada**

(State or other  
jurisdiction of  
incorporation or  
organization)

**87-0522680**

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

**9419 E. San  
Salvador, Suite  
105**

**Scottsdale, AZ**  
(Address of  
principal  
executive offices)

**85258-5510**

(Zip Code)

Registrant's telephone number, including area code: **(480)-860-2288**

Former name, former address and former fiscal year, if changed since last report: **None**

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. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes   
No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of Common Stock shares (no par value, \$0.0001 stated value) outstanding at June 30, 2006: 212,689,313 shares.

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**M.B.A. HOLDINGS, INC. AND SUBSIDIARIES**

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APRIL 30, 2006 AND OCTOBER 31, 2005**

<b>ASSETS</b>	<b>April 30, 2006 (Unaudited)</b>	<b>October 31, 2005</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 172,696	\$ 545,184
Restricted cash	118,911	25,653
Accounts receivable	269,220	284,502
Prepaid expenses and other assets	22,510	31,481
Deferred direct costs	2,287,492	2,496,606
Total current assets	2,870,829	3,383,426
<b>PROPERTY AND EQUIPMENT:</b>		
Computer equipment	348,971	332,523
Office equipment and furniture	207,083	208,523
Vehicles	392,157	410,318
Leasehold improvements	80,181	80,182
Total property and equipment	1,028,392	1,031,546
Accumulated depreciation and amortization	(535,151)	(498,274)
Property and equipment - net	493,241	533,272
<b>OTHER ASSETS</b>		
Deposits	8,475	—
Deferred direct costs	2,422,228	2,925,256
	2,430,703	2,925,256
<b>TOTAL ASSETS</b>	<b>\$ 5,794,773</b>	<b>\$ 6,841,954</b>

See notes to condensed consolidated financial statements.

**Table of Contents****M.B.A. HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)  
APRIL 30, 2006 AND OCTOBER 31, 2005****LIABILITIES AND STOCKHOLDERS'  
DEFICIT**

	April 30, 2006 (Unaudited)	October 31, 2005
<b>CURRENT LIABILITIES:</b>		
Net premiums payable to insurance companies	\$ 353,165	\$ 349,000
Notes payable - short term	404,118	458,695
Notes payable - officer	392,525	147,500
Accounts payable and accrued expenses	770,615	721,884
Accounts payable - officer	300,065	175,006
Capital lease obligations	10,453	9,828
Deferred revenues	2,614,235	2,871,093
Total current liabilities	4,845,176	4,733,006
Capital lease obligations - net of current portion	19,838	14,067
Notes payable less current portion	411,915	477,624
Deferred income tax liability	12,802	12,802
Deferred revenues	2,770,190	3,356,602
Total liabilities	8,059,921	8,594,101
<b>COMMITMENTS AND CONTINGENCIES</b>	—	—
Minority interest in consolidated subsidiary	—	—
<b>STOCKHOLDERS' DEFICIT:</b>		
Preferred stock, no par value; \$.0001 stated value 100,000,000 shares authorized in 2006 and 2005; 2,000,000 Class B non-convertible preferred issued and outstanding in 2006 and 2005	200	200
Common stock, no par value, \$.0001 stated value, 350,000,000 shares authorized (post split), 213,005,313 shares issued (post split) in 2006 and 209,871,980 (post split) in 2005, 212,689,313 shares (post split) outstanding in 2006 and 209,555,980 (post split) in 2005	21,300	20,987
Additional paid-in capital	9,917,787	9,805,836
Accumulated deficit	(12,148,935)	(11,523,670)
Less: 316,000 (post split) shares in 2006 and 2005 of common stock in treasury, at cost	(55,500)	(55,500)
Total stockholders' deficit	(2,265,148)	(1,752,147)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 5,794,773</b>	<b>\$ 6,841,954</b>

See notes to condensed consolidated financial statements.

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**Table of Contents****M.B.A. HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
(UNAUDITED)****THREE AND SIX MONTHS ENDED APRIL 30, 2006 AND 2005**

	<b>Three Months Ended April 30,</b>		<b>Six Months Ended April 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>REVENUES:</b>				
Vehicle service contract gross income	\$ 563,912	\$ 933,175	\$ 1,205,683	\$ 1,891,962
Net mechanical breakdown insurance income (cancellations)	96,048	18,392	95,943	21,731
Brokerage, association and administrative service revenue	27,835	38,681	45,413	106,321
Motorcycle rental and related revenues	185,355	—	301,901	—
Licensing and association fees	40,749	—	103,671	—
Total net revenues	913,899	990,248	1,752,611	2,020,014
<b>OPERATING EXPENSES:</b>				
Direct acquisition costs of vehicle service contracts	608,886	897,126	1,167,084	1,754,521
Costs of motorcycle and insurance premium expense	861	—	27,725	—
Salaries and employee benefits	235,638	157,204	397,347	463,862
Mailings and postage	3,106	10,133	7,231	22,729
Rent and lease expense	76,111	77,134	188,844	152,452
Professional fees	139,525	307,355	262,289	391,283
Telephone	13,726	9,795	26,133	(9,973)
Depreciation and amortization	18,438	6,313	36,876	12,693
Merchant and bank charges	10,879	3,185	21,450	10,043
Insurance	25,967	1,494	40,600	5,490
Supplies	16,337	2,924	22,748	6,372
License and fees	4,732	2,384	10,084	3,901
Other operating expenses	76,326	76,061	149,816	134,918
Total operating expenses	1,230,532	1,551,107	2,358,227	2,948,291
Equity in net loss of Blue Sky Motorcycle Rentals, Inc.	—	(20,327)	—	(40,076)
<b>OPERATING LOSS</b>	<b>(316,633)</b>	<b>(581,186)</b>	<b>(605,616)</b>	<b>(968,353)</b>
<b>OTHER INCOME (EXPENSE):</b>				
Finance and other fee income	3,346	1,822	5,335	3,925
Interest income	320	78	431	244
Interest expense and fees	(11,446)	(5,109)	(17,232)	(11,543)
Other income	(8,195)	(31,778)	(8,183)	(20,639)

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Other income (expense) - net	(15,975)	(34,987)	(19,649)	(28,013)
LOSS BEFORE INCOME TAXES	(332,608)	(616,173)	(625,265)	(996,366)
INCOME TAXES	—	—	—	—
NET LOSS	\$ (332,608)	\$ (616,173)	\$ (625,265)	\$ (996,366)
BASIC AND DILUTED NET LOSS PER SHARE	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED (Post Split)	212,261,822	139,872,778	211,973,585	133,123,570

See notes to condensed consolidated financial statements.

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**Table of Contents****M.B.A. HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT (Unaudited)  
YEAR ENDED OCTOBER 31, 2005 AND SIX MONTHS ENDED APRIL 30, 2006**

	Preferred Stock		Common Stock		Additional	Retained	Treasury	Total
	Shares	Amount	Shares	Amount	Paid-In Capital	Earnings (Deficit)	Stock	Stockholders' (Deficit) Equity
BALANCE NOVEMBER 1, 2004	2,000,000	\$ 200	121,268,264	\$ 12,126	\$ 2,433,205	\$ (3,668,184)	\$ (55,500)	\$ (1,278,153)
Issuance of common shares and exercise of stock options			42,603,716	4,261	2,777,231			2,781,492
Conversion of preferred to common shares	(460,000)	(46)	46,000,000	4,600	4,595,400			4,599,954
Retirement of Class A preferred shares	(1,540,000)	(154)						(154)
Issuance of preferred shares	2,000,000	200						200
Net loss		—		—		(7,855,486)		(7,855,486)
BALANCE OCTOBER 31, 2005	2,000,000	200	209,871,980	20,987	9,805,836	(11,523,670)	(55,500)	(1,752,147)
Issuance of common shares and exercise of stock options (Unaudited)			3,133,333	313	111,951			112,264
Net loss (Unaudited)		—		—		(625,265)		(625,265)
BALANCE APRIL 30, 2006 (Unaudited)	2,000,000	\$ 200	213,005,313	\$ 21,300	\$ 9,917,787	\$ (12,148,935)	\$ (55,500)	\$ (2,265,148)

See notes to condensed consolidated financial statements.

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**Table of Contents****M.B.A. HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
SIX MONTHS ENDED APRIL 30, 2006 AND 2005**

	2006	April 30,	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (625,265)		\$ (996,366)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	36,877		12,693
Issuance of stock for services	44,634		317,382
Write-off of Book Value of Vehicle Sold	8,789		—
Equity in net loss of Blue Sky Motorcycle Rentals, Inc.		—	(40,076)
Changes in assets and liabilities:			
Accounts receivable	15,282		(171,889)
Prepaid expenses and other assets	8,970		(4,477)
Deferred consulting expense		—	(11,814)
Deferred direct costs	712,143		714,202
Net premiums payable to insurance companies	4,165		(65,481)
Accounts payable - officer	135,059		—
Accounts payable and accrued expenses	48,731		(110,463)
Deposits	(8,475)		—
Deferred revenues	(843,270)		(769,809)
Net cash (used in) operating activities	(462,360)		(1,126,098)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment in Blue Sky Motorcycle Rentals, Inc.		—	(350,000)
Payments from Restricted cash	(93,258)		(5,508)
Purchase of Computer Equipment	(15,008)		—
Purchase of Vehicles and Equipment	(2,627)		—
Proceeds of Sale of Vehicle and Equipment	12,000		—
Net cash provided by investing activities	(98,893)		(355,508)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds (repayment) of borrowing from officers and affiliates	235,025		(16,667)
Issuance of common stock	67,630		1,101,260
Payments of notes payable	(120,286)		—
Payments on capital lease obligation	6,396		(3,387)
Net cash provided by (used in) financing activities	188,765		1,081,206
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(372,488)</b>		<b>(400,400)</b>

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CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		545,184		782,848
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$	172,696	\$	340,584
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid for interest	\$	5,786	\$	1,442
Non Cash Investing and Financing Activities				
Stock issued to employees and consultants for services	\$	44,634	\$	121,541