

SECURED DIVERSIFIED INVESTMENT LTD
Form 10-Q
May 15, 2009

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 March 31, 2009

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.)

6980 O'Bannon Drive, Las Vegas, Nevada 89117
(Address of principal executive offices)

702-939-3254
(Issuer's telephone number)

(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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 29,000,006 common shares as of May 8, 2009.

Table of Contents

TABLE OF CONTENTS

	Page
PART I – FINANCIAL INFORMATION	
<u>Item 1:</u>	<u>Financial Statements</u> 3
<u>Item 2:</u>	<u>Management’s Discussion and Analysis</u> 4 <u>of Financial Condition and Results of</u> <u>Operations</u>
<u>Item 3:</u>	<u>Quantitative and Qualitative Disclosures</u> 8 <u>About Market Risk</u>
<u>Item 4T:</u>	<u>Controls and Procedures</u> 8
PART II – OTHER INFORMATION	
<u>Item 1:</u>	<u>Legal Proceedings</u> 9
<u>Item 1A:</u>	<u>Risk Factors</u> 9
<u>Item 2:</u>	<u>Unregistered Sales of Equity Securities</u> 9 <u>and Use of Proceeds</u>
<u>Item 3:</u>	<u>Defaults Upon Senior Securities</u> 9
<u>Item 4:</u>	<u>Submission of Matters to a Vote of</u> 9 <u>Security Holders</u>
<u>Item 5:</u>	<u>Other Information</u> 9
<u>Item 6:</u>	<u>Exhibits</u> 9

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

<u>F-1</u>	<u>Consolidated Balance Sheets as of March 31, 2009 (unaudited) and December 31, 2008, (audited);</u>
<u>F-2</u>	<u>Consolidated Statements of Operations for the three months ended March 31, 2009 and March 31, 2008 (unaudited);</u>
<u>F-3</u>	<u>Consolidated Statements of Stockholders' Deficit as of March 31, 2009 (unaudited)</u>
<u>F-4</u>	<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2009 and March 31, 2008 (unaudited);</u>
<u>F-5</u>	<u>Notes to Financial Statements;</u>

These 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 March 31, 2009 are not necessarily indicative of the results that can be expected for the full year.

Table of ContentsSECURED DIVERSIFIED INVESTMENT, LTD.
CONSOLIDATED BALANCE SHEETS

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Current Assets		
Cash	\$ 55,344	\$ 25,885
Accounts receivable - trade, net	210,708	234,315
Miscellaneous receivables	6,590	7,516
Prepaid expenses and taxes	20,608	19,773
Inventory	80,787	46,177
Accrued interest receivable	6,368	5,029
Note receivable - current portion	51,504	69,617
Current assets of discontinued operations	828	12,279
Total Current Assets	432,737	420,591
Property and Equipment, net	19,452	23,389
Real Estate		
Investment-Discontinued Operations	100,000	100,000
Other Assets		
Intellectual property, net	132,166	133,919
Intangible assets	150,000	150,000
Note receivable - long term	440,303	435,744
Total Other Assets	722,469	719,663
TOTAL ASSETS	\$ 1,274,658	\$ 1,263,643
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	\$ 241,922	\$ 146,336
Accrued expenses and taxes	242,802	266,519
Accrued interest – related party	40,158	30,745
Deferred revenue	198,080	196,579
Due to employee	43,801	31,639

Notes payable - related party	384,450	384,450
Note payable - current portion	22,241	23,014
Current liabilities – discontinued operations	0	638,284
Total Current Liabilities	1,173,454	1,717,566
Long-term Debt		
Note payable	1,188,315	1,192,280
Notes payable – discontinued operations	0	45,000
Total Long-term Debt	1,188,315	1,237,280
TOTAL LIABILITIES	2,361,769	2,954,846
STOCKHOLDERS’ DEFICIT		
Common stock	29,000	163
Unissued shares	0	5,830
Additional paid in capital	0	8,818,647
Equity (deficit) – Galaxy Gaming, Inc.	(1,187,939)	(1,120,198)
Accumulated deficit – discontinued operations	71,828	(9,395,645)
TOTAL STOCKHOLDERS’ DEFICIT	(1,087,111)	(1,691,203)
TOTAL LIABILITIES AND STOCKHOLDERS’ DEFICIT	\$ 1,274,658	\$ 1,263,643

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

Table of Contents

SECURED DIVERSIFIED INVESTMENT, LTD.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (unaudited)

	2009	2008
Gross Revenues	\$ 608,709	\$ 471,473
Cost of Goods Sold	23,833	33,425
Gross Profit	584,876	438,048
Operating Expenses	626,062	590,255
Net Operating Loss	(41,186)	(152,207)
Other Income (Expense)	(26,555)	(13,382)
Net Loss before Income Taxes	(67,741)	(165,589)
Provision for Income Taxes	0	0
Net Loss from Continuing Operations		