

PUBLIC CO MANAGEMENT CORP  
Form 10QSB  
July 30, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-QSB**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-50098

**PUBLIC COMPANY MANAGEMENT CORPORATION**  
(Exact name of small business issuer as specified in its charter)

**Nevada**  
(State or other jurisdiction of incorporation or  
organization)

**88-0493734**  
(IRS Employer Identification No.)

**5770 El Camino Road, Las Vegas, NV 89118**  
(Address of principal executive offices)

**(702) 222-9076**  
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2007, there were 26,737,916 outstanding shares of the registrant's common stock, \$.001 par value per share.

Transitional Small Business Disclosure Format (Check one): Yes  No

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**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements.**

PUBLIC COMPANY MANAGEMENT CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	June 30, 2007	September 30, 2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 15,062	\$ 11,043
Accounts receivable, net	32,744	41,741
Marketable securities	1,639,238	933,352
Other current assets	-	6,428
Total current assets	1,687,044	992,564
Receivables under contract, net	61,475	4,500
Non-marketable securities	5,201,108	3,965,128
Furniture and equipment, net	44,122	52,625
Website, net	-	11,758
<b>TOTAL ASSETS</b>	<b>\$ 6,993,749</b>	<b>\$ 5,026,575</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 297,044	\$ 155,860
Accounts payable and accrued expenses to related parties	461,107	248,012
Current portion of installment notes payable	27,599	30,347
Bank line of credit	36,803	37,663
Advances from related party	868,735	220,424
Deferred revenues	4,988,155	3,408,675
Total current liabilities	6,679,443	4,100,981
<b>LONG TERM LIABILITIES</b>		
Long-term portions of installment note payable	12,333	30,316
<b>TOTAL LIABILITIES</b>	<b>6,691,776</b>	<b>4,131,297</b>
Commitments and Contingencies	-	-
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, \$.001 par value; 50,000,000 shares authorized, 26,737,916 and 23,654,412 shares issued and outstanding, respectively	26,738	23,654
Paid-in-capital	2,809,353	2,322,737
Accumulated deficit	(2,534,118)	(1,451,113)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>301,973</b>	<b>895,278</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 6,993,749</b>	<b>\$ 5,026,575</b>

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



PUBLIC COMPANY MANAGEMENT CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2007	2006	2007	2006
Revenue	\$ 1,513	\$ 193,414	\$ 980,845	\$ 985,574
General and administrative	608,570	332,517	1,645,625	1,200,374
Bad debt expense (benefit)	-	(4,490)	13,058	66,010
Depreciation and amortization	7,062	12,288	25,455	36,928
Total operating expenses	615,632	340,315	1,684,138	1,303,312
Net loss from operations	(614,119)	(146,901)	(703,293)	(317,738)
Other income and (expense)				
Interest expense	(18,761)	(2,338)	(48,833)	(34,139)
Interest income	7	9	980	21
Realized (loss) gain on sale of securities	(16,627)	(6,247)	(27,023)	17,705
Unrealized gain (loss) on marketable securities	3,409	(90,205)	(298,408)	(337,375)
Impairment of interest receivable	-	-	(6,428)	-
Total other expenses	(31,972)	(98,781)	(379,712)	(353,788)
NET LOSS	\$ (646,091)	\$ (245,682)	\$ (1,083,005)	\$ (671,526)
Weighted average shares outstanding	25,396,103	23,374,039	24,346,275	22,972,151
Basic and diluted net loss per share	\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.03)

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

PUBLIC COMPANY MANAGEMENT CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Nine Months Ended June 30, 2007 and 2006  
(Unaudited)

	2007	2006 (Restated)
<b>Cash Flows From Operating Activities</b>		
Net loss	\$ (1,083,005)	\$ (671,526)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	25,455	36,928
Bad debt expense	13,058	66,010
Stock issued for services	433,775	358,236
Impairment of interest receivable	6,428	-
Changes in assets and liabilities:		
Marketable and non-marketable securities	(1,941,866)	(2,720,005)
Accounts and stock receivable	(61,036)	309,668
Notes receivable	-	47,868
Accounts payable and accrued expenses	170,009	121,372
Accounts payable and accrued expenses to related parties	240,195	30,871
Deferred revenue	1,579,480	2,417,912
<b>Net Cash Used in Operating Activities</b>	<b>(617,507)</b>	<b>(2,666)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets	(5,194)	-
<b>Cash Flows From Financing Activities</b>		
Net payments on bank line of credit	(860)	(7,875)
Payments on installment notes payable	(20,732)	(14,446)
Net loan proceeds from related party	648,312	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>626,720</b>	<b>(22,321)</b>
Net increase (decrease) in cash	4,019	(24,987)
Cash at beginning of period	11,043	40,061
Cash at end of period	\$ 15,062	\$ 15,074
Cash paid during the period for:		
Interest	\$ 48,833	\$ 34,139
Income taxes	-	-
Supplemental non-cash disclosures:		
Common stock issued for accrued share-based compensation	\$ 28,825	\$ -
Common stock issued for accrued share-based compensation- related party	27,100	-

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

**PUBLIC COMPANY MANAGEMENT CORPORATION**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying unaudited interim financial statements of Public Company Management Corporation (“PCMC”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (“SEC”), and should be read in conjunction with the audited financial statements and notes thereto filed with the SEC on Form 10-KSB filed with the SEC on December 28, 2006. In the opinion of management, all adjustments necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for fiscal year 2006 as reported in the Form 10-KSB have been omitted.

*Restatements.* PCMC restated the Consolidated Statement of Cash Flows for the nine months ended June 30, 2006 to classify Proceeds from Sale of Marketable Securities from Net Cash Provided by Investing Activities to Net Cash Used in Operating Activities. The effect of the restatement on Net Cash Used In Operating Activities and Net Cash Provided by Investing Activities is as follows:

	Nine Months Ended June 30, 2006 (unaudited)
<i>As originally reported:</i>	
Net Cash Used in Operating Activities	\$ (71,953)
Net Cash Provided by Investing Activities	69,287
<i>Restated:</i>	
Net Cash Used in Operating Activities	\$ (2,666)
Net Cash Provided by Investing Activities	-

**NOTE 2 - COMMON STOCK**

During the nine months ended June 30, 2007, PCMC issued 194,054 shares valued at \$55,925 for prior year accrued share-based compensation and 2,889,450 shares valued at \$433,775 for current period services.

During the nine months ended June 30, 2007, PCMC accrued a total of 406,276 shares valued at \$71,600 for services to be paid in stock in the future, of which 368,776 shares valued at \$67,600 were accrued to current and former executive officers of PCMC.

**NOTE 3 – RELATED PARTY**

During the nine months ended June 30, 2007, the President and CEO made net advances to PCMC of \$648,312 for funding of operating activities.

**NOTE 4 – EMPLOYMENT AGREEMENT**

On April 12, 2007, PCMC revised its written agreements with two of its consultants who serve as executive officers. The agreements provide for a minimum annual salary (adjustable upwards in some cases based on PCMC's performance) to be paid in cash and stock. On May 3, 2007, PCMC and one of the executive officers amended the agreement between them to increase the cash compensation and provide for a client stock incentive due to increased responsibilities taken on by the executive as a result of the resignation of another executive (discussed below). At June 30, 2007, the minimum total future commitment due under both agreements and the amendment was cash compensation of \$102,000, stock compensation of 180,000 registered shares, and signing bonuses of 50,000 registered shares. The executives are also entitled to receive restricted and registered shares of PCMC's common stock based on certain milestones as provided in the agreements. Under the amendment, one of the executives is entitled to receive a client stock incentive consisting of 4% of PCMC's marketable securities as of March 31, 2007, and, on the date that the following securities become quoted or listed for trading, 4% of PCMC's non-marketable securities as of March 31, 2007 and 4% of the securities that PCMC receives from each client after March 31, 2007, provided that the executive is providing services to PCMC at the time of such quotation or listing. As of June 30, 2007, the shares had not been transferred to the officer. The value of the shares owed was \$53,941. PCMC has reduced its marketable securities by this amount.



In May 2007, an executive officer resigned and his one-year employment contract which had begun on November 1, 2006 was terminated. The executive was receiving a minimum salary of \$2,000 and 10,000 registered common shares per month. PCMC agreed to pay the executive the minimum salary through April 30, 2007.

On May 15, 2007, PCMC and one of its consultants who served as an executive officer agreed to postpone until further agreement the minimum salary of \$500 and 15,000 restricted shares per month that the executive was receiving under an agreement that was scheduled to end on July 6, 2007. PCMC agreed to pay the executive the minimum salary through May 31, 2007.

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## **Item 2. Management's Discussion and Analysis.**

The following discussion may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which can be identified by the use of forward-looking terminology such as, “may,” “believe,” “expect,” “intend,” “anticipate,” “estimate,” or “continue” or the negative thereof or other variations thereof or comparable terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Our operations involve a number of risks and uncertainties, including those described under the heading “Risk Factors” in our Annual Report on Form 10-KSB and other documents filed with the Securities and Exchange Commission. Therefore, these types of statements may prove to be incorrect.

### **Overview**

We are a management consulting services firm that educates and assists companies to improve their business, management and regulatory compliance processes. We provide educational materials that help private companies successfully operate their businesses and determine whether they should become public and the appropriate methods available to them, management consulting services and advice as these private companies go through the process of becoming fully reporting, publicly traded companies, and regulatory compliance services aimed at maintaining their public status. In addition, we created the PCMC Bulletin Board 30 Index®, a comprehensive tracking index of OTC bulletin board (“OTCBB”) stocks to increase awareness of the OTCBB as a public equity market and our exposure to small business issuers.

Our clients consist primarily of growing small-to-middle market private companies that:

- Have a business plan showing a potential for profitable operation and above normal growth within three to five years;
- Operate in either established markets, high growth potential niche markets and/or market segments that are differentiated, driven by pricing power or mass scale standardized product/service delivery; and
  - Have an experienced management team that owns a significant portion of their current equity.

### **How We Generate Revenue**

We derived revenue from the following activities:

*Educational White Papers, Open Lines and Consultations.* We have a database of over 140 educational white papers that serve growth-stage business owners and financial executives. We sell these white papers at retail prices ranging from \$9.95 to \$194.95 per paper. We also conduct open lines communications and consultations with potential clients regarding their business, their regulatory compliance and corporate governance processes, and the requirements relating to becoming and remaining a public company. We expect that a certain number of these sales, open lines and consultations will translate into clients, and that we will enter into contracts with them to provide our management consulting and regulatory compliance services.

*Management Consulting Services.* Historically, we have generated most of our revenue from management consulting services that we provide to our clients in their process to become fully reporting, publicly traded companies. Our rate for these services is \$350 per hour; however, we offer these services pursuant to consulting contracts for a flat-fee consisting of cash and restricted shares of the client’s common stock. We value the restricted shares at the price per share of contemporaneous sales of common stock by our clients to unrelated third parties. When there is no public trading market and there have been no recent private sales of the common stock, we record the value as deferred revenues. Effective with the second quarter ended March 31, 2005, we adopted a revenue recognition policy in which

we recognize a portion of the revenue related to our consulting contracts at the completion of each of the following four milestones:

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- (i) initial due diligence of client's business and operations and private round of initial financing (20%);
- (ii) clients' preparation of a second round of financing in the form of a private placement memorandum or registration statement for filing with the SEC (20%);
- (iii) effectiveness of clients' registration statement (25%); and
- (iv) clients' qualification for quotation on the OTCBB or listing on a securities market or exchange (35%).

We have determined that each milestone generally requires us to provide a certain amount of hours of management consulting services for our clients to achieve the milestone. When there are delays in our clients achieving milestones, it typically has required us to provide additional services to the clients outside of the direct scope of our consulting contracts. Our contracts allow us to bill our clients by the hour for any and all services that we provide outside of the direct scope of the contract. We are implementing a web-based system for project management and time tracking (discussed below in the section entitled "Known Trends, Events and Uncertainties" under the heading "Technology") in an effort to place more importance on the amount of services hours that we spend on our clients and to bill our clients for additional service hours.

*Compliance Services.* We plan to generate more revenue from compliance services under twelve-month contracts with our clients that are required to file periodic and other reports with the SEC. These services will also include corporate governance matters under the Sarbanes-Oxley Act of 2002. Our rate for these services is \$350 per hour; however, historically we have contracted for these services for a flat-fee consisting of cash and restricted shares of the client's common stock. Under our new engagements, we provide these services solely for cash.

## **Known Trends, Events and Uncertainties**

### Client Progress Reports or Requests for Payment

We have been exploring ways to convey to each of our preexisting and new clients the value of the management consulting services that we provide to them in terms of estimated hours at rate of \$350 per hour throughout the entire process for them to become fully reporting, publicly traded companies. We have developed a list of tasks that reflect the activities that we typically perform during an engagement for each of the four milestones on which we generate revenue from management consulting services. As discussed in more detail below, we are in the process of reviewing each client engagement to date to determine what we would have charged (in the case of performing clients) or what we may seek to recover (for slow performing or inactive clients) for our services on an hourly basis at a rate of \$350 per hour. We have decided to present this information in the form of a progress report for a performing client and a request for payment for a slow-performing or inactive client.

We began a project of reviewing our client contracts (some of which we had entered into as far back as 2004) to assess the value of management consulting services that we have provided on each engagement in terms of estimated hours at rate of \$350 per hour. The review consists of identifying the last milestone reached by each client, reviewing our files for each client, and reviewing each client's intranet and email communications between us and the client as well as various consultants that provided services to the client. During the review, we document the work, both within and outside of the scope of each engagement, in terms of estimated hours that we performed for the client. We base our estimates on a study that we conducted several years ago to assess the number of hours that it takes to complete each milestone; however, in most cases, we determined that it was necessary to adjust that estimate upwards due to specifically identified delays related to a particular engagement and general changes in the statutory, regulatory and accounting environment that have occurred since the date of our study.

We use the documentation to provide our performing clients with a progress report showing their current status in the process of becoming a fully reporting, publicly traded company and the value of our services as of the date of the report. In performing our reviews, we discovered that we had provided management consulting services with an estimated value of several hundreds of thousands of dollars on certain client engagements which we consider as slow performing or inactive. We have received a limited amount of cash from these engagements and hold (or are owed) shares of their common stock. These shares have become (or would be) worthless to us since our business model is driven by clients that have made it through the process of becoming fully reporting, publicly traded companies. We are using the documentation to provide our slow-performing and inactive clients with a request for payment for the value of our services and/or accelerate their active engagement in completing the milestones.

Providing progress reports and requests for payment is an ongoing process. We hope that the progress reports will keep our performing clients focused on their efforts to become fully reporting, publicly traded companies and that the requests for payment will reengage our slow-performing and inactive clients or serve as a basis for us to collect from or negotiate a settlement with them. However, there can be no assurance that we will achieve any of these results. As of the filing of this report, one of our clients refocused on the process of becoming publicly traded and renegotiated with us for six months of regulatory compliance services. In addition, we and one of our inactive clients have agreed to terms in principal regarding a settlement and mutual release where the client would pay us cash for services that they received from us.

#### Revenue Recognition

During the quarterly period ended June 30, 2006, none of our clients reached their next milestone in the process of becoming a fully reporting, publicly traded company. We believe that this was primarily due to obstacles (discussed below) that our clients faced. As a result, we did not generate any revenue from management consulting services during the quarterly period ended June 30, 2006. Historically, we have generated most of our revenue from management consulting services; however, during the quarterly period ended June 30, 2006, we generated revenue of \$1,513 entirely from the sale of educational white papers. We do not believe that the revenue generated during such quarter is indicative of our future operating results.

We have experienced delays in recognizing revenue from our contracts for management consulting services. Whether or not we meet the milestones for recognizing such revenue is dependent on the time it takes for our clients to make it through the process of becoming fully reporting, publicly traded companies. Our clients face obstacles in undertaking this process. The primary obstacles which they face relate to their ability to provide suitable non-financial statement information and financial statement information. In addition, some of our clients have experienced delays in reorganizing or restructuring their organizations to suit that of a public company and others have run out of financial resources due to unexpected events including the delays themselves. For example, we signed a client in March 2005 and earned revenue for the client reaching the first milestone during that same month. The client experienced delays which continue to persist and a run up of costs in reorganizing and providing suitable financial statement information for purposes of a registration statement or a private placement of their common stock, which the client never commenced. As a result, the client's financial statements became unusable for their intended purpose. Although we last earned revenue from this client in March 2005, we have continued to provide management consulting services to the client. Since our last fiscal year end, the client attempted to improve its business processes. The client had engaged an audit coordinator (discussed below) and expressed its intention to continue with the process, but the client is still experiencing significant delays. During the quarterly period ended June 30, 2007, we provided the client with a request for payment for the value our services. We hope that the request for payment will reengage the client in its efforts to become a fully reporting, publicly traded company or serve as a basis for us to collect from or negotiate a settlement with the client; however, there can be no assurance that we will achieve any of these results.

Oftentimes the small, privately held companies that we service do not have personnel with the skills necessary to prepare audited financial statements suitable for filing with the SEC. Even when these companies have audited financial statements, generally, the financial statements do not comply with SEC regulations and/or the audit was not performed by an accounting firm that is registered with the Public Company Accounting Oversight Board (the "PCAOB"). The SEC has specific regulations that govern the form and content of and requirements for financial statements required to be filed with the SEC. The Sarbanes-Oxley Act of 2002 prohibits accounting firms that are not registered with the PCAOB from preparing or issuing audit reports on U.S. public companies and from participating in such audits. It is imperative for our clients to become fully reporting, publicly traded companies that their financial statements comply with SEC regulations which require, among other things, that they be audited by an accounting firm registered with the PCAOB. In addition to audited financial statements, in certain circumstances, SEC regulations also require our clients to file unaudited interim financial statements that have been reviewed by the clients' PCAOB registered independent auditor. As discussed above, our clients have faced obstacles in preparing their financial statements.

During fiscal 2006, we introduced audit coordinators into our business model to assist our clients in preparing their financial statements in compliance with SEC regulations. In many cases, we mandate that our clients engage an audit coordinator. Initially, an audit coordinator will interview a client's personnel, and review a client's accounting systems and methodology and financial records to determine their proficiency and level of adherence to accounting standards. If a client does not have suitable personnel, the audit coordinator will recommend early in the process that the client hire someone internally who can fulfill the client's accounting function. Audit coordinators also serve as a liaison between the client and their independent auditor during the audit or financial statement review process. Audit coordinators teach our clients how to accumulate and communicate financial information within their organizations and record, process, summarize and report their financial information within the time periods specified by the SEC. We expect that audit coordinators will shorten the time it takes for our clients to prepare their financial statements and reach milestones, which should have a positive effect on our revenue and results of operations.

#### National Marketing

We increased our national advertising activities directed at client acquisition. We signed a new client consulting contract during this period. We expect to acquire new clients in the future as a result of these activities and our Nevada economic development initiatives discussed below.

We have improved our marketing efforts and prescreening process to engage better quality clients that we believe are more capable of meeting the obstacles and moving through the process of becoming fully reporting, publicly traded companies more quickly than we have seen in the past. Though we anticipate that the newer client engagements will be potentially more valuable and may have higher contract completion success rates, the frequency of newly signed contracts may decrease as a result of stricter client screening criteria.

#### Nevada Economic Development

According to the Nevada Secretary of State, there are approximately 300,000 corporations domiciled in Nevada. During 2006, at least 41,083 corporations were formed in Nevada. During 2005 and 2004, 39,052 and 35,186 corporations, respectively, were formed in Nevada. We believe that at this time, there are advantages to concentrating our marketing efforts in the State of Nevada because we perceive Nevada as offering the following benefits:

- Favorable securities, corporate and tax laws and regulations for small businesses;
- Large number of small businesses that could benefit from our services;
- Fastest growing State in the U.S.; and
- Largest number of new small businesses in the U.S.

We plan to increase our public awareness and client base in the State of Nevada through print advertisements geared towards business professionals by reinforcing our position as an educational resource as well as a service provider. We believe that increased public awareness of our educational materials, services and Nevada roots could bring new resources and create jobs in Nevada as well as assist in turning Nevada into a platform to develop capital markets for small business issuers.

Our President, CEO and majority shareholder is a Nevada resident. He has networks of business contacts that can assist us in creating our public awareness in Nevada and assist us in the development of Nevada companies. We established a Nevada Economic Development Advisory Board (“NEDAB”) whose website is located at [www.Nevada-EDAB.com](http://www.Nevada-EDAB.com).

NEDAB is a council of prominent businesspersons and legislators who share a vision of diversified economic growth through participation in capital markets and are working with other businesses and the government to make that vision a reality. NEDAB believes that: 1) Nevada has the potential to become the premier destination in the U.S. for small business issuers looking to enter the capital markets; 2) Nevada corporations across a variety of industries can benefit from participating in the capital markets as a way to build long-term shareholder value, provide access to capital, increase visibility and improve business practices to meet the standards of being a public company; and 3) an increased number of Nevada corporations successfully entering and sustaining participation in the capital markets will create diversified economic growth, increase the number of companies that physically relocate to Nevada, create new jobs and increase revenue for the state. NEDAB will consist of approximately ten members (in addition to advisors) who are prominent businesspersons and politicians to aid in our goals of increasing our public awareness and developing a strong client base in Nevada which we believe will contribute to the overall economic growth of the State and further benefit our business. It will also consist of locally-based industry screening committees that will help identify and screen companies that are good candidates for participation in the public markets.

Activities of NEDAB include:

- **Locally-based Industry Screening Committees** to help identify and screen companies that are good candidates for participation in the public markets.
- **Outreach** to other economic development groups, legislators, regulators, business owners, and business and industry leaders.
- **Educational Programs** for companies seeking to learn about capital markets and the advantages of domiciling in Nevada as a private or public company.
- **Policy Research and Recommendations** to make Nevada even more attractive as a home for companies wanting to participate in capital markets.

Current members of NEDAB include:

- Mark Daigle, NEDAB Co-Chairman and President and CEO of Colonial Bank N.A. Nevada.
- Paul Henry, Esq., President and CEO of Henry & Associates, LLC.
- Robert Uithoven, President of J3 Strategies and Manager for Jim Gibbons’ successful 2006 gubernatorial campaign in Nevada.

Advisors to NEDAB include:

- Bob Beers, PCMC Nevada Client Audit Coordinator, and Nevada State Senator District 6.
- Tim Carlson, NEDAB Economic Development Advisor, CEO of Powered by Renewables and Former Executive Director of Nevada Development Authority & Nevada Commission on Economic Development.
- R. Keith Schwer, Ph.D., NEDAB Research and Development Advisor, Director of the Center for Business and Economic Research at The University of Nevada, Las Vegas (UNLV), and Professor of Economics at UNLV.
- D. Neal Tomlinson, Esq., NEDAB General Counsel, and attorney at Bullivant Houser Bailey PC.



Current industry screening committee members include:

- Dr. Emil Frei III, NEDAB Life Sciences Screening Committee Chair, cancer research pioneer, and former Director and Physician-in-Chief of Dana-Farber Cancer Institute.
- James R. Eells, M.D., NEDAB Life Sciences Screening Committee Associate Chair, Las Vegas internist, and former Chief of Medicine of The United States Air Force.

### Technology

We are leading by example and pioneering the use of technology to manage our decentralized, virtual operational infrastructure under a program that we call Always-On Management™. The program addresses the challenges of using technology to manage a geographically disbursed team. While many of these technologies have been available for several years, the management practices around their use are typically not mature in small businesses like us outside of the technology industry. We believe that our use of these technologies allows us to better serve our clients and improve operational efficiency and profitability. We hope that our efforts will create publicity for us and provide us with additional management consulting services opportunities.

We are implementing a web-based system for project planning and time tracking. We will be placing more importance on keeping track of time allocation on client engagements in order to fully identify potential revenue for additional services provided to clients beyond the scope of our basic engagement. We expect that this new system will support our ongoing process of improving operational efficiency and profitability. The system's web-based interface will allow us and the professional service providers who serve our clients to track their time on client engagements. We are integrating the system with our accounting system which we expect will accelerate the accounts receivable process for additional services which we may bill by the hour.

We plan to implement software to help develop our business strategy and track key performance indicators and perform financial ratio analysis. We plan for our executive management team and Global Advisory Board to use the resulting strategy and financial scorecards to identify opportunities for improvement in our business model and to communicate our progress to shareholders, and the investment community.

### **Results of Operations for the Nine Months Ended June 30, 2007 Compared to the Nine Months Ended June 30, 2006.**

Our revenue was \$980,845 for the nine months ended June 30, 2007, as compared to \$985,574 for the nine months ended June 30, 2006. During the nine months ended June 30, 2007 and 2006, we generated most of our revenue from management consulting services. Whether or not we meet the milestones for recognizing such revenue is dependent on the time it takes for our clients to move through the process of becoming fully reporting, publicly traded companies. Historically, our clients have faced obstacles in undertaking this process which includes preparing financial and other information and reorganizing their operations. As a result of these obstacles, we did not generate any revenue from management consulting services during the quarterly period ended June 30, 2007, but we maintained our revenue level for the nine months ended June 30, 2007 due to revenue growth during the first two quarters of the current fiscal year. We do not believe that the revenue generated during the quarterly period ended June 30, 2007 is indicative of our future operating results.

General and administrative expense increased \$445,251, or 37%, to \$1,645,625 for the nine months ended June 30, 2007, as compared to general and administrative expense of \$1,200,374 for the nine months ended June 30, 2006. The increase in general and administrative expense was primarily due to increases in executive compensation consisting of stock compensation valued at \$192,500 which was paid to Stephen Brock, our President and CEO, and a client stock incentive valued at \$53,941 and accrued to another executive officer. We also had increased costs related to our national and Nevada-based business development and marketing initiatives and educational white papers.

Bad debt expense was \$13,058 for the nine months ended June 30, 2007, as compared to bad debt expense of \$66,010 for the nine months ended June 30, 2006.

Depreciation and amortization expense decreased \$11,473, or 31%, to \$25,455 for the nine months ended June 30, 2007, as compared to depreciation and amortization expense of \$36,928 for the nine months ended June 30, 2006. The decrease in depreciation and amortization was primarily a result of having certain capitalized website costs becoming fully depreciated.

Total operating expenses increased \$380,826, or 29%, to \$1,684,138 for the nine months ended June 30, 2007, as compared to total operating expenses of \$1,303,312 for the nine months ended June 30, 2006. The increase in total operating expenses was primarily due to the increase in general and administrative expense discussed above.

Interest expense increased \$14,694, or 43%, to \$48,833 for the nine months ended June 30, 2007, as compared to interest expense of \$34,139 for the nine months ended June 30, 2006. We had a larger amount of liabilities on which we incurred interest during the nine months ended June 30, 2007, which caused the increase in interest expense.

Interest income was \$980 for the nine months ended June 30, 2007, as compared to interest income of \$21 for the nine months ended June 30, 2006. The increase in interest income was due to an increase in our cash balances.

We had realized loss on sale of securities of \$27,023 for the nine months ended June 30, 2007, as compared to realized gain on sale of securities of \$17,705 for the nine months ended June 30, 2006. The change from realized gain to realized loss on sale of securities was due to transactions at a lower market value than book value of securities sold.

Unrealized loss on marketable securities decreased \$38,967, or 12%, to \$298,408 for the nine months ended June 30, 2007, as compared to unrealized loss on marketable securities of \$337,375 for nine months ended June 30, 2006. The decrease in unrealized loss on marketable securities was primarily due to changes in the values of marketable securities.

We had an impairment of interest receivable of \$6,428 for the nine months ended June 30, 2007, due to a write off. This write-off occurred because no payments of the interest receivable had been made in the twelve month period prior to the write-off. We did not have any impairment of interest receivable for the nine months ended June 30, 2006.

Net loss increased \$411,479, or 61%, to \$1,083,005 (and net loss per share of \$0.04) for the nine months ended June 30, 2007, as compared to a net loss of \$671,526 (and net loss per share of \$0.03) for the nine months ended June 30, 2006. The increase in net loss was primarily attributable to the increase in general and administrative expense discussed above.

We had an accumulated deficit of \$2,534,118 and total stockholders' equity of \$301,973 as of June 30, 2007.

### **Liquidity and Capital Resources**

We had total current assets of \$1,687,044 as of June 30, 2007, which consisted of cash of \$15,062, net accounts receivable of \$32,744 and marketable securities of \$1,639,238.

We had total current liabilities of \$6,679,443 as of June 30, 2007, which consisted of deferred revenues of \$4,988,155, advances from related party of \$868,735 that we received from Stephen Brock, our President and CEO, accounts payable and accrued expenses to related parties of \$461,107, accounts payable and accrued expenses of \$297,044, bank line of credit of \$36,803 and current portion of installment notes payable of \$27,599. Accounts payable and accrued expenses to related parties includes accrued cash compensation of \$315,000 to Mr. Brock and cash and stock compensation of \$71,007 and \$75,100 to other executive officers.

We had negative working capital of \$4,992,399 as of June 30, 2007. The ratio of current assets to current liabilities was 25% as of June 30, 2007.

The underlying driver which impacts our working capital is having clients that have made it through the process of becoming fully reporting, publicly traded companies. Until this time, there is no market for the shares of our clients' common stock which we receive in lieu of cash payments for our services. Our billing rate for these services is \$350 per hour; however, we offer these services for a flat-fee of 22% cash, some of which we apply to cover our overhead and the remainder in restricted shares of the clients' common stock. Until such time as our clients' common stock becomes publicly traded, we classify our shares as non-marketable securities, a long-term asset; however, we classify deferred revenue associated with our contracts as a current liability. As a result, the common stock of any particular client will have a negative effect on our working capital until such time as the client becomes a fully reporting, publicly traded company. As our clients become fully reporting, publicly traded companies, non-marketable securities, which was \$5,201,108 as of June 30, 2007, would become marketable securities, which was \$1,639,238 as of June 30, 2007, and deferred revenues, which was \$4,988,155 as of June 30, 2007, would decrease. Both of these results would have a significant positive impact on our working capital; however, new client contracts would create additional non-marketable securities and deferred revenues which would marginally offset such positive effect. Accounts payable and accrued expenses increased \$170,009 and accounts payable and accrued expenses to related parties increased \$240,195 during the nine months ended June 30, 2007, which had an adverse effect on our working capital. Accounts payable and accrued expenses to related parties included cash compensation payable to Stephen Brock, our President and CEO, and cash and stock compensation payable to other executive officers. We believe that we could decrease the relative amount of these and other current liabilities as our clients' common stock becomes publicly traded and we are able to sell shares that we own for cash and use that cash to pay expenses.

Having clients that have made it through the process of becoming publicly traded also drives our ability to generate cash flows from operations. We have adopted a policy to sell all marketable securities as quickly as reasonably possible to generate cash for operations. However, even if markets do develop for the shares of client common stock which we hold, those markets will most likely be illiquid and highly volatile. We could continue to face difficulty in generating positive cash flows from operations from sales of the marketable securities.

During the nine months ended June 30, 2007, we had a net increase in cash of \$4,018; consisting of \$626,719 provided by financing activities which was partially offset by \$617,507 used in operating activities and \$5,194 used in investing activities.

Net cash used in operating activities was \$617,507 for the nine months ended June 30, 2007, consisting of net loss of \$1,083,005, an increase in marketable and non-marketable securities of \$1,941,866 and an increase in accounts and stock receivable of \$61,036 which were offset by adjustments for share based compensation of \$433,775, depreciation and amortization of \$25,455, bad debt expense of \$13,058 and impairment of interest receivable of \$6,428, an increase in deferred revenue of \$1,579,480, an increase in accounts payable and accrued expenses to related parties of \$240,195 and an increase in accounts payable and accrued expenses of \$170,009.

Net cash used in investing activities was \$5,194 for the nine months ended June 30, 2007, which related to the purchase of fixed assets.

Net cash provided by financing activities was \$626,720 for June 30, 2007, consisting of net loan proceeds from a related party of \$648,312 which was partially offset by payments on installment notes payable of \$20,732 and net payments on bank line of credit of \$860. Loan proceeds from a related party represents \$678,010 we received from Stephen Brock, our President and CEO less payments of \$29,698.

We believe that we can meet our cash requirements during the next twelve months from sales of marketable securities, new clients, client milestone cash payments and certain capital raising efforts being undertaken. Further, in the past,

Stephen Brock has provided personal capital funding to us for operations. Mr. Brock has expressed his intent to continue to support our operations with additional funds in the event other outside funding sources or sales of marketable securities do not provide sufficient funds during the next twelve months; provided, however, that Mr. Brock is financially able to do so, of which there can be no assurance. In addition, we increased our efforts, which involved litigation in some instances, to collect cash payments owed to us from clients who breached our agreements. We plan to continue these efforts during the next twelve months. We do not have any firm commitments or other identified sources of additional capital from third parties or from our officers including Mr. Brock or from shareholders.

During the nine months ended June 30, 2007, Stephen Brock provided us with \$678,010 of funding for our operations. Further, we may seek a greater line of credit or private equity capital to finance our operations until more clients' common stock becomes publicly traded and we are able to dispose of our shares of their common stock.

### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principals generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of any contingent assets and liabilities. On an on-going basis, we evaluate our estimates. We base our estimates on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements:

*Revenue Recognition.* Revenue is recognized when the earning process is complete and the risks and rewards of ownership have transferred to the client, which is generally considered to have occurred upon performance of the services provided. The services provided sometimes take several months. Effective with the second quarter ended March 31, 2005, we adopted a revenue recognition policy for management consulting services based on the value received by our clients at measurable milestones in the public reporting process. We concluded that the relative values of our consulting services for each of the milestones are as follows: (i) initial due diligence of client's business and operations and private round of initial financing (20%), (ii) client's preparation of a second round of financing in the form of a private placement memorandum or a registration statement for filing with the SEC (20%), (iii) effectiveness of client's registration statement (25%) and (iv) client's qualification for quotation on the OTCBB or listing on a securities market or exchange (35%). Revenues are not recognized for the value of securities received as payment for services when there is no public trading market and there have been no recent private sales of the security.

If we find that the relative amount of man hours and other expenditures required by us has materially changed for one or more of the milestones and that this change is of such a nature that it would likely also be incurred by our competitors in the marketplace or would change the relative value received by the clients for that milestone, it could warrant changing the percentages prospectively. As of June 30, 2007, we had nine (9) performing management consulting services contracts with an aggregate value of \$5,052,500 of which \$3,624,200 was included in deferred revenues and subject to changes in the percentage revenue earned for the remaining milestones.

*Valuation of marketable securities.* Marketable securities are classified as trading securities, which are carried at their fair value based upon quoted market prices of those securities at each period-end; however, if the facts and circumstances do not justify carrying the securities at such value, then we carry them at historical pricing. Accordingly, net realized and unrealized gains and losses on trading securities are included in net income. The marketable securities that we own are traded on the OTCBB and the Pink Sheets. The market price for these securities is subject to wide fluctuations from period to period which may cause fluctuations in our results of operations.

*Valuation of non-marketable securities.* Non-marketable securities are not publicly traded and therefore do not have a readily determinable fair value. Management estimates the value of non-marketable securities based on contemporaneous third party private sales, the valuation of closely similar companies or independent, third party valuations. Non-marketable securities are reflected on our balance sheet at historical costs. As of June 30, 2007, we had non-marketable securities valued at \$5,201,108 primarily as a result of third party private sales by our clients of their common stock at per share prices ranging from \$0.10 to \$4.00. As our clients become fully reporting, publicly traded companies, non-marketable securities become marketable securities (discussed above). Due to the uncertainty inherent in valuing securities that are not publicly traded, our determinations of fair value of non-marketable securities may differ significantly from the values that would exist if a ready market for these securities existed; therefore, the value of non-marketable securities we own could be significantly different than their value as marketable securities classified as trading securities. We reassess the value of our clients' common stock for purposes of recording impairment, if any, to non-marketable securities.

### **Item 3. Controls and Procedures.**

#### Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report (the "Evaluation Date"), have concluded that as of the Evaluation Date, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, and (ii) is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

#### Changes in Internal Control over Financial Reporting

There were positive changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Historically, we had material weaknesses in our internal control over financial reporting related to recording stock-based compensation, revenue recognition, and valuation on non-marketable securities which no longer persist. We have created memoranda to document our policies regarding these matters and devoted more time to quarter-end closing procedures and accounting positions. The additional time has allowed us to engage in more qualitative conference calls to discuss stock-based compensation to consultants and others, items of revenue recognition and client status and to study all stock-based compensation using spread sheets, projections and reports from our transfer agent. During this time, our Chief Executive Officer and our Chief Financial Officer also review and discuss our financial information with our other executive officers, audit coordinator and bookkeeper, and we devote more time to developing and reviewing the section of our reports entitled "Management's Discussion and Analysis."

**PART II - OTHER INFORMATION****Item 2. Unregistered Sales of Equity Securities.**

The following table lists unregistered sales of our securities during the quarterly period ended June 30, 2007.

<b>Name</b>	<b>Shares of Common Stock<sup>(1)</sup></b>	<b>Consideration</b>	<b>Value</b>	<b>Date<sup>(2)</sup></b>
Scott Allen	2,100	Consulting services rendered	\$ 336	03/30/2007
Robert Beers	7,500	NEDAB services rendered	\$ 800	(3)
Stephen Brock	1,750,000	President and CEO services rendered	\$ 192,500	06/01/2007
Dan Burdish	7,500	NEDAB services rendered	\$ 800	(3)
Tim Carlson	7,500	NEDAB services rendered	\$ 800	(3)
Paul Henderson	7,500	NEDAB services rendered	\$ 800	(3)
C. Dennis Hensling	30,000	Former Senior VP services rendered	\$ 3,600	(4)
Somer Hollingsworth	105,000	Mutual settlement and release	\$ 7,350	06/21/2007
Vic Ruybalid	7,500	Consulting services rendered	\$ 800	(3)
William Smith	75,000	Consulting services rendered	\$ 11,250	06/07/2007

(1) As of June 30, 2007, an aggregate of 39,600 of the shares listed had not been issued and an aggregate expense of \$4,336 had been accrued.

(2) Represents the date used to value the common stock.

(3) On April 30, 2007, May 31, 2007 and June 30, 2007, 2,500 shares were earned and valued as of each of such dates.

(4) On April 30, 2007 and May 31, 2007, 15,000 shares were earned and valued as of each of such dates.

We claim an exemption from registration afforded by Section 4(2) of the Securities Act since the foregoing issuances did not involve a public offering, the recipients took the securities for investment and not resale and we took appropriate measures to restrict transfer.

**Item 6. Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
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10.1 <sup>(1)</sup>	Consulting Agreement with Kipley J. Lytel, CFA, dated April 12, 2007, effective January 2, 2007
10.2 <sup>(1)</sup>	Consulting Agreement with Trae O'Neil High, dated April 12, 2007, effective January 2, 2007
10.3 <sup>(1)</sup>	Addendum to Consulting Agreement with Trae O'Neil High, dated May 3, 2007
10.4 <sup>(2)</sup>	Employment Agreement with Joshua A. Gottesman, CPA, dated November 1, 2006
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002



\* Filed herein.

- (1) Filed as Exhibit 10.1, 10.2 and 10.3, respectively, to the registrant's Form 8-K filed with the Commission on June 7, 2006, and incorporated herein by reference.
- (2) Filed as Exhibit 10.1 to the registrant's Form 8-K filed with the Commission on November 1, 2006, and incorporated herein by reference.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**PUBLIC COMPANY MANAGEMENT CORPORATION**

Date: July 27, 2007

By: /s/ Stephen Brock  
Name: Stephen Brock  
Title: Chief Executive Officer

Date: July 27, 2007

By: /s/ Trae O'Neil High  
Name: Trae O'Neil High  
Title: Chief Financial Officer