APRECIA INC
Form 10-Q
November 19, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED:

For the Quarterly Period Ended September 30, 2008

APRECIA, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-4378866**
(State or Other Jurisdiction of Incorporation) Or Organization)	(I.R.S. Employer Identification No.
1177 High Ridge Road, Stamford, CT	**06905**
(Address of Principal Executive Offices)	(Zip Code)

203-321-1285
(Registrant's Telephone Number, Including Area Code)

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, 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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨

Non-accelerated filer ¨ Smaller reporting company x

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

As of September 30, 2008 the issuer had 16,761,597 shares of common stock, $0.0001 par value, issued and outstanding.

APRECIA, INC.

FORM 10-QSB

TABLE OF CONTENTS **PAGE**

2

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS

	September 30, 2008 (Unaudited)	June 30. 2008 (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,305	$ 6,149
Total Current Assets	1,305	6,149
Property and Equipment, Net	715	954
Total Assets	$ 2,020	$ 7,103
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Convertible Debentures	$ 500,000	$ 500,000
Notes Payable	201,960	201,960
Loan Payable-Related Party	64,000	64,000
Accrued Expenses	32,150	2,150
Accrued Liquidated Damages	106,667	106,667
Accrued Interest	176,186	152,588
Total Current Liabilities	1,080,963	1,027,365
Commitments and Contingencies		
Stockholder's Deficiency:		
Preferred Stock, $.0001 par value; 10,000,000 shares authorized, none issued and outstanding	-	-
Common Stock, $.0001 par value; 250,000,000 shares authorized, 16,761,597 issued and outstanding	1,676	1,676
Additional Paid in Capital	290,394	290,394
Deficit Accumulated During the Development Stage	(1,371,013)	(1,312,332)
Total Stockholders' Deficiency	(1,078,9433)	(1,020,262)
Total Liabilities and Stockholders' Deficiency	$ 2,020	$ 7,103

The accompanying notes are an integral part of these financial statements

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30, 2008	For the Three Months Ended September 30, 2007	For the Period December 15, 2005 (Inception) to September 30, 2008
Net Revenues	$ -	$ -	$ -
Costs and Expenses:			
Officers Compensation	-	45,000	286,573
Software Development	-	42,000	228,985
Other General and Administrative Expenses	35,083	32,653	272,243
Total Costs and Expenses	35,083	119,653	787,801
Loss from Operations	(35,083)	(119,653)	(787,801)
Other Expenses:			
Amortization of Deferred Finance Costs	-	(58,726)	(240,113)
Amortization of Deferred Debt Discount	-	(37,654)	(60,246)
Interest Expense	(23,598)	(17,352)	(176,186)
Liquidated Damages	-	-	(106,667)
Total Other Expenses	(23,598)	(113,732)	(583,212)
Net Loss	$ (58,681)	$ (233,385)	$ (1,371,013)
Weighted Average Common Shares Outstanding – Basic and Diluted	16,761,597	16,761,597	
Net Loss Per Common Share	$ (.00)	$ (.01)	

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

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF STOCKHOLDERS' DEFICIENCY
FOR THE PERIOD DECEMBER 15, 2005 (INCEPTION) TO SEPTEMBER 30, 2008

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Finance Costs	Deficit Accumulated During the Development Stage	Total
Common Stock issued to Founders	-	$ -	4,510,000	$ 451	$ -	$ -	$ -	$ 451
Common Stock Issued for Software Development - at Par Value	-	-	9,700,000	970	-	-	-	970
Common Stock Issued to a Private Investor - at $.024 Per Share	-	-	2,083,333	208	49,792	-	-	50,000
Commissions on Sale of Common Stock	-	-	-	-	(5,000)	-	-	(5,000)
Net Loss for the Period	-	-	-	-	-	-	(210,104)	(210,104)
Balance - June 30, 2007	-	-	16,293,333	1,629	44,792	-	(210,104)	(163,683)
Common Stock Issued Pursuant to a Private Placement at $.12 Per Share	-	-	468,264	47	56,143	-	-	56,190
Common Stock Warrants Issued as Deferred Finance Costs on Note Payable - 83,111 at $.116 Per Warrant	-	-	-	-	9,641	(9,641)	-	-
Debt Discount on Loan Payable	-	-	-	-	43,246	-	-	43,246
Amortization of Deferred Finance Costs	-	-	-	-	-	3,615	-	3,615

Net Loss for the Year Ended June 30, 2007	-	-	-	-	-	-	(762,986)	(762,986)
Balance - June 30, 2007	-	-	16,761,597	1,676	153,822	(6,026)	(973,090)	(823,618)
Amortization of Deferred Finance Costs	-	-	-	-	-	6,026	-	6,026
Debt Forgiven by CEO	-	-	-	-	136,572	-	-	136,572
Net Loss for the Year Ended June 30, 2008	-	-	-	-	-	-	(339,242)	(339,242)
Balance - June 30, 2008	-	-	16,761,597	1,676	290,394	-	(1,312,332)	(1,020,262)
Net Loss for the Three Months Ended September 30, 2008	-	-	-	-	-	-	(58,681)	(58,681)
Balance September 30, 2008	-	-	$ 16,761,597	$ 1,676	$ 290,394	-	$ (1,371,013)	$ (1,078,943)

The accompanying notes are an integral part of these financial statements

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CASH FLOWS
(Unaudited)

	For the Three Months Ended September 30, 2008	For the Three Months Ended September 30, 2007	For the Period December 15, 2005 (Inception) to September 30, 2008
Cash flows from Operating Activities:			
Net Loss	$ (58,681)	$ (233,385)	$ (1,371,013)
Adjustments to Reconcile Net Loss to Net Cash (Used) in Operating Activities:			
Amortization of Debt Discount	-	37,654	60,246
Amortization of Deferred Finance Costs	-	58,726	240,113
Depreciation Expense	239	239	2,147
Common Stock Issued for Software Development	-	-	970
Changes in Assets and Liabilities:			
Increase in Accrued Expenses	30,000	62,542	168,723
Increase in Accrued Interest	23,598	17,352	176,186
Increase in Accrued Liquidated Damages	-	-	106,667
Net Cash Used in Operating Activities	(4,844)	(56,872)	(615,961)
Cash Flows from Investing Activities:			
Purchase of Equipment	-	-	(2,862)
Net Cash Used in Investing Activities	-	-	(2,862)
Cash Flows from Financing Activities:			
Decrease in Stock Subscription Receivable	-	-	451
Proceeds from Issuance of Convertible Debentures	-	-	500,000
Proceeds from Issuance of Notes Payable	-	-	170,000
Payments of Finance Costs	-	-	(215,513)
Proceeds from Issuance of Common Stock	-	-	106,190
Expense on Sale of Common Stock	-	-	(5,000)
Proceeds of Loan Payable – Related Party	-	-	64,000
Net Cash Provided by Financial Activities	-	-	620,128
Increase (Decrease) in Cash	(4,844)	(56,872)	1,305
Cash – Beginning of Period	6,149	60,624	-
Cash – End of Period	$ 1,305	$ 3,752	$ 1,305

The accompanying notes are an integral part of these financial statements

6

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CASH FLOWS
(Unaudited) Continued

	For the Three Months Ended September 30, 2008	For the Three Months Ended September 30, 2007	For the Period December 15, 2005 (Inception) to September 30, 2008
Supplemental Cash Flow Information:			
Cash Paid for Interest	$ -	$ -	$ -
Cash Paid for Income Taxes	$ -	$ -	$ 500
Supplemental Non-Cash Financing Activities:			
Subscription Receivable on Sale of Common Stock	$ -	$ -	$ 451
Common Stock Warrants Issued as Deferred Finance Costs	$ -	$ -	$ 9,641
Debt Discount Attributable to Common Stock Warrants on Notes Payable	$ -	$ -	$ 43,246
Note Payable Issued as Payment of Deferred Finance Costs	$ -	$ -	$ 14,960
Exchange Related Party Debt to Contributed Capital	$ -	$ -	$ 136,572

The accompanying notes are an integral part of these financial statements

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - Organization and Basis of Presentation

Aprecia, Inc. (the “Company”), was incorporated on December 15, 2005 under the laws of the State of Delaware. The Company has selected June 30, as its fiscal year end.

The Company has not yet generated revenues from planned principal operations and is considered a development stage company as defined in Statement of Financial Accounting Standards (“SFAS”) No. 7 The Company originally had planned on becoming involved in the business of identifying money laundering in various sporting venues. It has since dropped such plans and is now seeking other business opportunities but has not yet identified any such opportunity. There is no assurance, however, that the Company will achieve its objectives or goals.

In the opinion of the Company’s management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These financial statements are and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

Certain items in these financial statements have been reclassified to conform to the current period presentation.

NOTE 2 - Going Concern

The Company incurred net losses of $58,681 for the three months ended September 30, 2008 and $1,371,013 for the period December 15, 2005 (inception) to September 30, 2008. In addition, the Company has a working capital deficiency of $1,079,658 and a stockholders’ deficiency of $1,078,943 at September 30, 2008. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company’s existing stockholders.

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

The Company is attempting to address its lack of liquidity by raising additional funds, either in the form of debt or equity or some combination thereof. In addition, the Company is seeking other business opportunities but has not yet identified any such opportunity. There can be no assurances that the Company will be able to raise the additional funds it requires.

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 3 - Convertible Debentures

The Company entered into a Securities Purchase Agreement dated as of March 10, 2006, with four investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the "1933 Act"), of 7% Convertible Debentures in the principal amount of $500,000. Accrued interest on the convertible debentures as of September 30, 2008 was $89,444. The debentures are collateralized by all of the now owned and hereafter acquired rights, title and interest of the Company's assets.

The debentures matured March 10, 2008. The debentures are convertible at the option of the holder into the Company's common stock at the rate of $.12 per share. Expenses incurred in connection with the private offering of the debentures were $185,000. Such expenses are carried as deferred finance costs and were amortized over the term of the debt.

Since a registration statement covering the underlying common stock was not filed within 90 days, the Company is required to pay liquidated damages of 2% of the principal amount of $500,000 per month plus interest at the rate of 18% if the Company fails to pay the liquidated damages within seven days. Accordingly, the Company has accrued $106,667 in liquidated damages and $35,650 interest on the liquidated damages as of September 30, 2008.

NOTE 4 - Loan Payable

During the twelve months ended June 30, 2008 a stockholder loaned the Company a total of $64,000. The loan bears interest at the rate of 6% per annum and is due November 2008. Interest accrued and owed on this loan amounted to $1,822.

NOTE 5 - Notes Payable

In May 2007 the Company sold $187,000 principal of 7% secured promissory notes (the "Notes") and 500,000 Class A Common Stock purchase warrants (the "Warrants") (collectively, the "Securities") for an aggregate purchase price of $170,000. The Notes were due September 2007 and are secured by the Company's assets. The Warrants have an exercise price of $.18 per share and a term of five years. Accrued interest on the notes payable as of September 30, 2008 was $49,268. In connection with the sale of the Securities, the Company issued as broker's fees: (i) 83,111 common stock purchase warrants ($.18 exercise price, five year term) and (ii) a promissory note in the amount of $14,960. In addition, the Company incurred legal fees of approximately $30,500 in connection with the sale of the Securities. These costs were amortized over the life of the related debt.

NOTE 6 - Common Stock

In March 2006, the Company sold 4,510,000 shares of common stock valued at $451 to the founders of the Company.

In March 2006, the Company issued 9,700,000 shares of common stock valued at $970 for software development costs.

In March 2006, the Company sold 2,083,000 shares of common stock to a private investor for $50,000, and paid cash commissions of $5,000.

In October 2006, the Company completed a private placement of 468,264 shares of its common stock for gross proceeds of $56,190.

APRECIA, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 7 - Preferred Stock

The Company's Board of Directors may, without further action by the Company's stockholders, from time to time, direct the issuance of any authorized but unissued or unreserved shares of Preferred Stock in series and at the time of issuance, determine the rights, preferences and limitations of each series. The holders of the Preferred Stock may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of the Company before any payment is made to the holders of the Common Stock. Furthermore, the Board of Directors could issue Preferred Stock with voting and other rights that could adversely affect the voting power of the holders of the Common Stock.

NOTE 8 - Related Party Transactions

In September 2007 the Company agreed to provide its CEO with a full release from all non-complete and non-solicitation clauses in their agreements, either written and oral, and either explicit and implied, in exchange for full settlement of any outstanding debts owed to the CEO that are unpaid. Accordingly, $136,572 (the amount of indebtedness) was credited to additional paid-in capital in connection with such release. In addition, the Company granted the CEO a non-exclusive, worldwide, royalty-free right and license to use the Monitor Plus software source code, and all derivative works thereof, in return for agreement to render reasonable assistance in the winding down of the Company's original business plans.

NOTE 9 - Commitments and Contingencies

Legal Proceedings

From time to time, the Company maybe named in legal actions in the normal course of business. In the opinion of management, the outcome of these matters, if any, will not have a material impact on the financial condition or results of operations of the Company.

Item 2. Management's Discussion and Analysis or Plan of Operation

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our financial statements and the related notes thereto which are included in this annual report and the Company's financial statements and notes thereto included elsewhere in this Report.

Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," or "should," or, in each case, the other variations or comparable terminology. Such statements include, but are not limited to, any statements relating to our ability to consummate any acquisition or other business combination and any other statements that are not statements of current or historical facts. These statements are based on management's current expectations, but actual results may differ materially due to various factors, including, but not limited to, our:

o being a development stage company with very limited operating history;

o dependence on key personnel;

o personnel allocating their time to other businesses and potentially having conflicts of interest with our business;

o potentially being unable to obtain additional financing to complete an initial transaction;

o limited pool of prospective business opportunities;

o securities' ownership being concentrated; and

o potential change in control if we sell the Company or acquire a businesses for stock;

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 10-K. In addition, even if our results of operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, those results or developments may not be indicative of results or developments in subsequent periods.

These forward-looking statements are subject to numerous risks, uncertainties and assumptions about us described in our filings with the Securities and Exchange Commission. The forward-looking events we discuss in this Annual Report on Form 10-K speak only as of the date of such statement and might not occur in light of these risks, uncertainties and assumptions. Except as required by applicable law, we undertake no obligation and disclaim any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

General

We were incorporated in the State of Delaware in December 2005. On March 6, 2006, we entered into an Asset Purchase Agreement (the "**APA**") with Isidore Sobkowski. Pursuant to the APA, we acquired certain assets from Mr. Sobkowski relating to software based on open source induction technology designed to enable the automatic discovery of patterns and the automatic creation of rules for raw data (the "**Assets**"). In consideration of the purchase and sale of the Assets, we issued to Mr. Sobkowski 9,700,000 shares of our common stock.

Simultaneously, with the consummation of our acquisition of the Assets pursuant to the APA, Mr. Sobkowski was appointed to the position of Chief Executive Officer and Interim Chief Financial Officer.

Our goal was to become a leading edge provider of applied artificial intelligence solutions for thoroughbred and lottery applications. We developed MonitorPlus, an analysis tool designed to help the thoroughbred racing and lottery industry by providing alerts when potential wagering fraud or money laundering is detected.

We intended to generate revenue through (i) the licensing of our technology to parties engaged in the regulation of the thoroughbred racing industry, and (ii) the licensing of our technology to third parties which were expected to develop and sell specifically tailored software solutions for customers based on our technology. However, we were unable to enter into any meaningful agreement for the sale or license of our technology and as a result our operations were not profitable. We had planned to introduce MonitorPlus to the thoroughbred industry as an entry point into the marketplace, and then planned to develop complementary products based on MonitorPlus. However, we were unable to do either.

Our success was largely dependent on the market acceptance of MonitorPlus, efficient utilization of our infrastructure, successful ongoing development of advanced process technologies and generation of sufficient return on research and development investments. However, we were unable to satisfy these objectives, and as a result, we substantially curtailed our operations.

Following a reassessment of our business goals and objectives, our Board of Directors concluded that shareholder value would be better enhanced by either a sale of the Company or an acquisition of a business enterprise rather than the continuation of our efforts to commercialize the MonitorPlus products.

We currently do not intend to undertake any further research, development or marketing efforts with respect to the Monitor Plus technology or products based on such technology.

Consequently, in fiscal 2008 our management was authorized to develop a business strategy to either sell the Company or acquire a business enterprise. In addition, our management was directed to explore financing alternatives available to us in the event we were to effect an acquisition of a business enterprise. We have not yet been able to consummate either objective, nor can we give any assurance that we will be successful in our efforts to sell the Company, acquire another business enterprise which will prove profitable, or obtain additional financing to fund our operations in the event we were to do so.

Going Concern

We incurred net losses of $58,681 for the three months ended September 30, 2008, and $1,371,013 for the period December 15, 2005 (inception) to September 30, 2008. In addition, the Company has a working capital deficiency of $1,079,658 and a stockholders' deficiency of $1,078,943 at September 30, 2008. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should we be unable to continue as a going concern.

12

There can be no assurance that sufficient funds required for us to sustain operations will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease our current limited operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

We are attempting to address our lack of liquidity by raising additional funds, either in the form of debt or equity or some combination thereof. There can be no assurances that we will be able to raise the additional funds we require. Our Management continues to meet operating deficits primarily through short-term borrowings and is attempting to utilize other debt and dilutive and non-dilutive equity financing alternatives to sustain operations. Whether such financing will be available as needed and the ultimate form of such financing is uncertain and the effects of this uncertainty could ultimately lead to bankruptcy.

Accordingly, as of the date of this Report, we are attempting to sell the Company; however, we can offer no assurances that we will be successful, or, if we are successful, what the terms of such sale will be.

Revenue

We have not generated revenues from planned principal operations and we are considered a development stage company as defined in Statement of Financial ("SFAS") No. 7. We originally had planned on becoming involved in the business of identifying money laundering in various sporting venues, but have since dropped such plans and are now seeking to sell the Company or obtain additional financings. However, there is no assurance that we will achieve either goal.

Net Loss

Our net loss was $58,681 for the quarter ended September 30, 2008 compared to $233,385 for the quarter ended September 30, 2007. Our net loss for the period December 15 2005 (inception) to September 30, 2008 was $1,371,014

Costs and Expenses

Costs and expenses were $35,083 for the quarter ended September 30, 2008 compared to $119,653 for the quarter ended September 30, 2007 and consisted primarily of administrative expenses for the quarter ended September 30, 2008 and officer's compensation and software development for the quarter ended September 30, 2007. Costs and expenses for the period December 15, 2005 (inception) to September 30, 2008 was $787,801.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

Research and Development

Research and Development ("R&D") expenses vary. We deem development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability. R&D expenses can vary significantly depending on the timing of product qualifications as costs incurred in production prior to qualification are charged to R&D.

13

Income Taxes

The Company has paid only minimum state taxes to date. The Company has unused federal and state tax net operating loss carry-forwards of approximately $1,300,000 as of September 30, 2008. Substantially all of the net operating loss carry-forwards expire in 2021.

Financing Activities

Access to capital markets has historically been important to us. Depending on market conditions, we may issue registered or unregistered securities to raise capital to fund a portion of our operations. However, as of the date of this Report, we are attempting to sell the Company but can offer no assurances that we will be successful, or, if we are successful, what the terms of such sale will be.

Debt Financings

In March 2006, we entered into a Securities Purchase Agreement dated as of March 10, 2006, with four investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the "1933 Act"), of 7% Convertible Debentures in the principal amount of $500,000 (the "Debentures"). Accrued interest on the convertible debentures as of June 30, 2008 was $80,694.

The Debentures are collateralized by all of the now owned and hereafter acquired rights, title and interest of the Company's assets. The debentures mature 24 months from the closing. The Debentures are convertible at the option of the holder into our common stock at the rate of $0.12 per share. Expenses incurred in connection with the private offering of the debentures were $185,000. Such expenses are carried as deferred finance costs and were amortized over the term of the debt.

In May 2007 the Company sold $187,000 principal of 7% secured promissory notes (the "Notes") and 500,000 Class A Common Stock purchase warrants (the "Warrants") (collectively, the "Securities") for an aggregate purchase price of $170,000. The Notes were due September 2007 and are secured by the Company's assets. The Warrants have an exercise price of $.18 per share and a term of five years. In connection with the sale of the Securities, the Company issued as broker's fees: (i) 83,111 common stock purchase warrants ($.18 exercise price, five year term) and (ii) a promissory note in the amount of $14,963. In addition, the Company incurred legal fees of approximately $30,500 in connection with the sale of the Securities. These costs are amortized over the life of the related debt. The Company is currently accruing interest at the default rate of 18% per annum. Total accrued interest as of June 30, 2008 is $40,180.

In November 2007, and February 2008 a stockholder loaned the Company a total of $64,000. The loan bears interest at 6% per annum and is due November 2008. Interest accrued and owed on this loan amounted to $863.

Contractual Obligations

The Debentures matured on March 10, 2008 and are currently in default. The Debentures are convertible at the option of the holder into the Company's common stock at the rate of $.12 per share. Expenses incurred in connection with the private offering of the debentures were $185,000. Such expenses are carried as deferred finance costs and were amortized over the term of the debt.

Since a registration statement covering the underlying common stock was not filed within 90 days, the Company is required to pay liquidated damages of 2% of the principal amount of $500,000 per month plus interest at the rate of 18% if the Company fails to pay the liquidated damages within seven days. Accordingly, the Company accrued $106,667 in liquidated damages (until registration statement was filed and $30,850 interest on the liquidated damages as of June 30, 2008.

Employees

As of September 30, 2008, we had no full-time employees and one part-time employee, our President, CEO and Interim CFO, Isidore Sobkowski. No employees are presently represented by any labor unions. Our relations with Mr. Sobkowski are good.

Related Party Transactions

In March 2006, the Company sold 4,510,000 shares of common stock valued at $451 to the founders of the Company.

On March 6, 2006, we entered into the APA with Isidore Sobkowski, our Chief Executive Officer. Pursuant to the APA, we acquired certain assets from Mr. Sobkowski relating to software based on open source induction technology designed to enable the automatic discovery of patterns and the automatic creation of rules for raw data. In consideration of the purchase and sale of the Assets, we issued to Mr. Sobkowski 9,700,000 shares of our common stock.

In September 2007, we agreed to provide our CEO, Mr. Sobkowski, with a full release from all non-compete and non-solicitation clauses in his agreements, either written and oral, and either explicit and implied, in exchange for full settlement of any outstanding debts owed to him that are unpaid. In addition, we granted the CEO a non-exclusive, worldwide, royalty-free right and license to use the MonitorPlus software source code, and all derivative works thereof, in return for agreement to render reasonable assistance in the winding-down of the Company's original business plans. That winding-down continues as of the date of this Report.

Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115." Under SFAS No. 159, the Company may elect to measure many financial instruments and certain other items at fair value on an instrument by instrument basis subject to certain restrictions. The Company may adopt SFAS No. 159 at the beginning of 2008. The impact of the adoption of SFAS No. 159 will be dependent on the extent to which the Company elects to measure eligible items at fair value.

In September 2006, the SEC staff issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." The Company is required to adopt SAB No. 108 by the end of 2007 and does not expect the adoption to have significant impact on the Company's financial position or results of operations.

Also in September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)." Under SFAS No. 158, the Company is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of 2007. The Company does not expect the adoption of SFAS No. 158 to have a significant impact on its financial position or results of operations.

Also in September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements. The Company is required to adopt SFAS No. 157 effective at the beginning of 2009.

In June 2006, the FASB issued Interpretation NO. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109.” FIN 48 contains a two step approach to recognizing and measuring uncertain tax positions accounted for in accordance with SFAS No. 109. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicated it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company is required to adopt FIN 48 effective at the beginning of 2008. The Company is evaluating the impact this statement will have on its consolidated financial statements.

In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments.” SFAS No. 155 permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. As of March 1, 2007, the Company did not have any hybrid financial instruments subject to the fair value election under SFAS No. 155. The Company is required to adopt SFAS No. 155 effective at the beginning of 2008.

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections.” SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle. The Company adopted SFAS No. 154 at the beginning of 2007. The adoption of SFAS No. 154 did not impact the Company’s results of operation and financial condition.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires our Management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Estimates and judgments are based on historical experience, forecasted future events and various other assumptions that the Company believes to be reasonable under the circumstances. Estimates and judgments may vary under different assumptions or conditions. We evaluate our estimates and judgments on an ongoing basis. Management believes the accounting policies below are critical in the portrayal of our financial condition and results of operations and require management’s most difficult, subjective or complex judgments.

Contingencies

The Company is subject to the possibility of losses from various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset been impaired and the amount of loss can re reasonably estimated. The Company accrues a liability and charges operations for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the balance sheet date.

Income Taxes

The Company is required to estimate its provision for income taxes and amounts ultimately payable or recoverable in numerous tax jurisdictions around the world. Estimates involve interpretations of regulations and are inherently complex. Resolution of income tax treatments in individual jurisdictions may not be known for many years after completion of any fiscal year. The Company is also required to evaluate the realizability of its deferred tax assets on an ongoing basis in accordance with GAAP, which requires the assessment of the Company’s performance and other relevant factors when determining the need for a valuation allowance with respect to these deferred tax assets. Realization of deferred tax assets is dependent on the Company’s ability to generate future taxable income.

Research and Development

Costs related to the conceptual formulation and design of products and processes are expenses as research and development when incurred. Determining when product development is complete requires judgment by the Company. The Company deems development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability.

Stock-based Compensation

Under the provisions of SFAS No. 123(R), stock-based compensation cost is estimated at the grant date based on the fair-value of the award and recognized as expense ratably over the requisite service period of the award. Determining the appropriate fair-value model and calculating the fair value of stock-based awards at the grant date requires considerable judgment, including estimating stock price volatility, expected option life and forfeiture rates. The Company develops its estimates based on historical data and market information which can change significantly over time. A small change in the estimates used can result in a relatively large change in the estimated valuation.

The Company will use the Black-Scholes option valuation model to value employee stock awards. The Company will estimate stock price volatility based on an average of its historical volatility and the implied volatility derived from traded options on the Company's stock. Estimated option life and forfeiture rate assumptions will be derived from historical data. For stock based compensation awards with graded vesting that were granted after 2005, the Company will recognize compensation expense using the straight-line method.

Item 3. Quantitative And Qualitative Disclosure About Market Risk.

Market risk is the sensitivity of income to changes in interest rates, foreign exchange rates, commodity prices, equity prices, and other market-driven rates or prices. Our current business and, accordingly, the risks associated with foreign exchange rates, commodity prices, and equity prices are not significant. We have not engaged in any hedging activities with respect to the market risk to which we are exposed. Our only material market risk exposure relates to fluctuations in interest rates. Given our limited risk in our exposure to money market funds, we do not view the interest rate risk to be significant

Item 4. Controls And Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Interim Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the fiscal period ending September 30, 2008 covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Chief Executive Officer and Interim Chief Financial Officer has concluded that, as of the end of such period, the Company's disclosure controls and procedures were not effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act. As a result of the ineffectiveness of our controls, a description of a litigation in which the Company is a party was not accurately described in the Company's Form 10K filed on April 15, 2008. In addition, the Company's financial statements did not reflect a reserve relating to a judgment against the Company in this litigation. The Company is currently in the process of evaluating its options to fix the deficiency in internal controls.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) of the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, under the supervision of the Company's Chief Executive Officer and Interim Chief Financial Officer, conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was not effective as of September 30, 2008 under the criteria set forth in the in Internal Control—Integrated Framework.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.   Management has determined that material weaknesses exist due to a lack of segregation of duties, resulting from the Company's limited resources.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the quarter ended September 30, 2008, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors

Not applicable to the Company as it is a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

The March 2006 Convertible Debentures described above matured on March 10, 2008 and because the Company could not repay them they are currently in default. Furthermore, since a registration statement covering the common stock to be issued upon conversion of the March 2006 Convertible Debentures was not filed within 90 days of the closing, the Company is required to pay liquidated damages equal to 2% of the principal amount of $500,000 per month plus interest at the rate of 18% if the Company fails to pay the liquidated damages within seven days. Accordingly, the Company has accrued $106,667 in liquidated damages and $35,650 in interest on the liquidated damages as of September 30, 2008.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

Reports on Form 8-K

None

Exhibits

31.1 Certification of President and Chief Executive Officer and Interim Chief Financial Officer (one person) pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act

32.1 Certification of President and Chief Executive Officer and Interim Chief Financial Officer (one person) pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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.

	APRECIA, INC.
November 18, 2008	By: /s/Isidore Sobkowski Isidore Sobkowski, President, Chief Executive Officer And Interim Chief Financial Officer