SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act Of 1934

For The Quarterly Period Ended June 30, 2009

Commission File Number: 0-52589

ANCHOR FUNDING SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-5456087**
(State of jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

10801 Johnston Road. Suite 210 **Charlotte, NC**	**28226**
(Address of Principal Executive Offices)	(Zip Code)

(866) 789-3863
(Registrant's telephone number)

Not Applicable
(Former name, address and fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Date File required to be submitted pursuant to Rule 405 of Regulation S-T during the 12 preceding months (or such shorter period that the registrant was required to submit and post such file). Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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 [ ]　　(Do not check if a smaller reporting company)　　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 [ ] No [X]

As of June 30, 2009, the Company had a total of 12,940,378 shares of Common Stock outstanding, excluding 1,314,369 outstanding shares of Series 1 Preferred Stock convertible into 6,571,845 shares of Common Stock.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This report contains certain "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995, and are including this statement for purposes of these safe harbor provisions. "Forward-looking statements," which are based on certain assumption and describe our future plans, strategies and expectations, may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated" and "potential." Examples of forward-looking statements, include, but are not limited to, estimates with respect to our financial condition, results of operations and business that are subject to various factors that could cause actual results to differ materially from these estimates and most other statements that are not historical in nature. These factors include, but are not limited to, general and local economic conditions, changes in interest rates, deposit flows, demand for commercial, mortgage, consumer and other loans, real estate values, competition, changes in accounting principles, policies or guidelines, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect our financial results, is included in our other filings with the Securities and Exchange Commission.

ANCHOR FUNDING SERVICES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ANCHOR FUNDING SERVICES, INC.

CONSOLIDATED BALANCE SHEETS

ASSETS

	(Unaudited) June 30, 2009	(Audited) December 31, 2008
CURRENT ASSETS:		
Cash	$ 382,648	$ 401,104
Retained interest in purchased accounts receivable, net	4,287,428	4,292,366
Earned but uncollected fee income	101,764	87,529
Other receivable	215,152	-
Deferred financing costs, current	145,454	85,130
Prepaid expenses and other	77,962	116,950
Total current assets	5,210,408	4,983,079
PROPERTY AND EQUIPMENT, net	56,265	70,181
DEFERRED FINANCING COSTS, non-current	-	156,073
SECURITY DEPOSITS	19,500	19,500
	$ 5,286,173	$ 5,228,833

LIABILITIES AND STOCKHOLDERS' EQUITY

	(Unaudited) June 30, 2009	(Audited) December 31, 2008
CURRENT LIABILITIES:		
Due to financial institution	$ 1,972,464	$ 1,187,224
Accounts payable	79,748	122,900
Loan fees payable	-	50,000
Accrued payroll and related taxes	64,596	35,067
Accrued expenses	19,708	45,141
Collected but unearned fee income	52,339	58,707
Preferred dividends payable	260,711	-
Total current liabilities	2,449,566	1,499,039
LOAN FEES PAYABLE, non-current	-	50,000
TOTAL LIABILITIES	2,449,566	1,549,039
COMMITMENTS AND CONTINGENCIES		
PREFERRED STOCK, net of issuance costs of $1,209,383	5,361,512	5,361,512
COMMON STOCK	12,941	12,941
ADDITIONAL PAID IN CAPITAL	1,751,693	1,660,516
ACCUMULATED DEFICIT	(4,289,539)	(3,355,175)
	2,836,607	3,679,794
	$ 5,286,173	$ 5,228,833

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

ANCHOR FUNDING SERVICES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited) For the quarters ending June 30,		(Unaudited) For the six months ending June 30,	
	2009	2008	2009	2008
FINANCE REVENUES	$ 393,202	$ 273,516	$ 797,480	$ 485,177
INTEREST EXPENSE - financial institution	(20,718)	-	(33,617)	-
INTEREST INCOME	-	10,902	-	34,519
NET FINANCE REVENUES	372,484	284,418	763,863	519,696
PROVISION FOR CREDIT LOSSES	(21,646)	(11,140)	(27,709)	(5,044)
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	350,838	273,278	736,154	514,652
OPERATING EXPENSES	698,610	557,650	1,409,807	1,221,905
NET LOSS BEFORE INCOME TAXES	(347,772)	(284,372)	(673,653)	(707,253)
INCOME TAXES:				
Current	-	-	-	-
Deferred	-	-	-	-
Total	0	0	0	0
NET LOSS	(347,772)	(284,372)	(673,653)	(707,253)
DEEMED DIVIDEND ON CONVERTIBLE PREFERRED STOCK	(131,076)	(124,777)	(260,711)	(261,181)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDER	$ (478,848)	$ (409,149)	$ (934,364)	$ (968,434)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDER, per share				
Basic	$ (0.04)	$ (0.03)	$ (0.07)	$ (0.08)
Dilutive	$ (0.04)	$ (0.03)	$ (0.07)	$ (0.08)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
Basic and dilutive	12,940,378	12,883,803	12,940,378	12,500,507

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

ANCHOR FUNDING SERVICES, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the six months ended June 30, 2009

	Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Deficit
Balance, December 31, 2008 (audited)	$ 5,361,512	$ 12,941	$ 1,660,516	$ (3,355,175)
Provision for compensation expense related to issued stock options	-	-	3,601	-
Benefit for compensation expense related to expired stock options	-	-	(8,424)	-
Stock options issued to directors/officers related to financing agreement obtained	-	-	96,000	-
Preferred stock dividends	-	-	-	(260,711)
Net loss for the six months ended June 30, 2009	-	-	-	(673,653)
Balance, June 30, 2009 (unaudited)	$ 5,361,512	$ 12,941	$ 1,751,693	$ (4,289,539)

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

ANCHOR FUNDING SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30,

CASH FLOWS FROM OPERATING ACTIVITIES:	(Unaudited) 2009	(Unaudited) 2008
Net loss:	$ (673,653)	$ (707,253)
Adjustments to reconcile net loss to net cash		
used in operating activities:		
Depreciation	24,945	20,653
Compensation expense (benefit) related to issuance of		
stock options	(4,823)	10,257
Allowance for uncollectible accounts	21,646	5,044
Amortization of loan fees	50,115	-
Increase in retained interest in purchased		
accounts receivable	(16,708)	(1,046,300)
Increase in earned but uncollected	(14,235)	(21,831)
Other receivable	(215,152)	-
Decrease in prepaid expenses and other	38,988	7,769
Decrease in accounts payable	(1,518)	(19,636)
Increase (decrease) in accrued payroll and related taxes	29,529	(5,164)
(Decrease) increase in collected but not earned	(6,368)	3,915
Decrease in accrued expenses	(25,433)	(40,495)
Net cash used in operating activities	(792,667)	(1,793,041)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(11,029)	(17,997)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from financial institution, net	785,240	-
DECREASE IN CASH	(18,456)	(1,811,038)
CASH, beginning of period	401,104	3,499,044
CASH, end of period	$ 382,648	$ 1,688,006

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

ANCHOR FUNDING SERVICES, INC

Notes To Condensed Financial Statements

Three and Six Months Ended June 30, 2009 and 2008

(Unaudited)

The Consolidated Balance Sheet as of June 30, 2009, the Consolidated Statements of Operations for the three and six months ended June 30, 2009 and 2008 and the Consolidated Statements of Cash Flows for the six months ended June 30, 2009 and 2008 have been prepared by us without audit. In the opinion of Management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly in all material respects our financial position as of June 30, 2009, results of operations for the three and six months ended June 30, 2009 and 2008 and cash flows for the six months ended June 30, 2009 and 2008 are necessarily indicative of the results to be expected for the full year.

This report should be read in conjunction with our Form 10-KSB for our fiscal year ended December 31, 2008.

1. BACKGROUND AND DESCRIPTION OF BUSINESS:

The consolidated financial statements include the accounts of Anchor Funding Services, Inc. and its wholly owned subsidiary, Anchor Funding Services, LLC (“the Company”). All significant intercompany balances and transactions have been eliminated in consolidation.

Anchor Funding Services, Inc. is a Delaware corporation. Anchor Funding Services, Inc. has no operations; substantially all operations of the Company are the responsibility of Anchor Funding Services, LLC.

Anchor Funding Services, LLC is a North Carolina limited liability company. Anchor Funding Services, LLC was formed for the purpose of providing factoring and back office services to businesses located throughout the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – The Company charges fees to its customers in one of two ways as follows:

1) **<u>Fixed Transaction Fee -</u>** Fixed transaction fees are derived from a fixed percentage of the purchased invoice. This percentage does not change from the date the purchased invoice is funded until the date the purchased invoice is collected.

2) **<u>Variable Transaction Fee -</u>** Variable transaction fees vary based on the length of time the purchased invoice is outstanding. As specified in its contract with the customer, the Company charges variable increasing percentages of the purchased invoice as time elapses from the purchase date to the collection date.

For both fixed and variable transaction fees, the Company recognizes revenue by using one of two methods depending on the type of customer. For new customers the Company recognizes revenue using the cost recovery method. For established customers the Company recognizes revenue using the accrual method.

Under the cost recovery method, all revenue is recognized upon collection of the entire amount of purchased accounts receivable.

The Company considers new customers to be accounts whose initial funding has been within the last three months or less. Management believes it needs three months of history to reasonably estimate a customer's collection period and accrued revenues. If three months of history has a limited number of transactions, the cost recovery method will continue to be used until a reasonable revenue estimate can be made based on additional history. Once the Company obtains sufficient historical experience, it will begin using the accrual method to recognize revenue.

For established customers the Company uses the accrual method of accounting. The Company applies this method by multiplying the historical yield, for each customer, times the amount advanced on each purchased invoice outstanding for that customer, times the portion of a year that the advance is outstanding. The customers' historical yield is based on the Company's last six months of experience with the customer along with the Company's experience in the customer's industry, if applicable.

The amounts recorded as revenue under the accrual method described above are estimates. As purchased invoices are collected, the Company records the appropriate adjustments to record the actual revenue earned on each purchased invoice. These adjustments from the estimated revenue to the actual revenue have not been material.

Retained Interest in Purchased Accounts Receivable – Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account and collected but unearned fee income, plus earned but uncollected fee income. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable. Upon collection, the retained interest is refunded back to the client.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management considered approximately $122,000 and $94,000 of their June 30, 2009 and December 31, 2008 retained interest in purchased accounts receivable to be uncollectible.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because of the relatively short term nature of the purchased receivable and the fact that the majority of these invoices have been subsequently collected.

Property and Equipment – Property and equipment, consisting primarily of furniture and fixtures, computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method. Estimated useful lives range from 2 to 7 years.

Deferred Financing Costs – Costs incurred to obtain financing are capitalized and amortized over the term of the debt using the straight-line method, which approximates the effective interest method.

In March 2009, the Company issued stock options to its Chief Executive Officer and President. These options were issued to reward these executive's for providing personal guarantees on the Company's financing agreement obtained in November of 2008 (see Note 5). The fair value of these options were computed as specified by current accounting standards (see Note 7) and recorded as deferred financing costs. This amount will be amortized to operations over the remaining term of the financing agreement.

In May 2009, the terms of the financing agreement were amended. One of the amendments was to remove the Company from its obligation to pay the lender $100,000 in loan fees. Also, in May the Company negotiated a reduction in legal fees charged by their corporate attorney related to work done on this financing agreement. This reduction was approximately $41,600.

The expiration date of the financing agreement was also amended in May 2009. Under the initial terms the financing agreement was scheduled to expire in November 2011. Under the amended terms the financing agreement will expire on December 31, 2009.

As of June 30, 2009 and December 31, 2008, the total amount capitalized and accumulated amortization is as follows:

	June 30, 2009	December 31, 2008
Cash paid or payable	$ 105,000	$ 246,634
Stock options granted	96,000	-
Accumulated amortization	(55,546)	(5,431)
	$ 145,454	$ 241,203

The net amount is classified in the balance sheets based on future expected amortization as follows:

	June 30, 2009	December 31, 2008
Current	$ 145,454	$ 85,130
Non-current	-	156,073
	$ 145,454	$ 241,203

Advertising Costs – The Company charges advertising costs to expense as incurred. Total advertising costs were as follows:

For the six months ending June 30,	
2009	2008
$ 173,000	$ 230,600
For the quarters ending June 30,	
2009	2008
$ 86,000	$ 79,200

Earnings per Share – Basic earnings per share is computed by dividing the earnings for the period by the weighted average number of common shares outstanding during the period. Dilutive earnings per share includes the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

Under the treasury stock method, options and warrants will have a dilutive effect if the average price of common stock during the period exceeds the exercise price of the options and warrants.

Also when there is a year-to-date loss from continuing operations, potential common shares should not be included in the computation of diluted earnings per share. For the quarters and six months ending June 30, 2009 and 2008, there was a year-to-date loss from continuing operations.

Stock Based Compensation – The fair value of transactions in which the Company exchanges its equity instruments for employee services (share-based payment transactions) must be recognized as an expense in the financial statements as services are performed.

See Note 7 for the impact on the operating results for the six months ended June 30, 2009 and 2008.

Fair Value of Financial Instruments – The carrying value of cash equivalents, retained interest in purchased accounts receivable, due to financial institution, accounts payable and accrued liabilities approximates their fair value.

Cash and cash equivalents – Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes – Income taxes are provided for the tax effects of transactions reported in the financial statements plus deferred income taxes related to the differences between financial statement and taxable income.

The primary differences between financial statement and taxable income for the Company are as follows:

- Compensation costs related to the issuance of stock options
- Use of the reserve method of accounting for bad debts
- Differences in bases of property and equipment between financial and income tax reporting
- Net operating loss carryforwards.

The deferred tax asset represents the future tax return consequences of utilizing these items. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net deferred tax assets will ever be realized.

The Company recognizes in its consolidated financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company analyzed all its tax positions, including tax positions taken and those expected to be taken.

For the six months ended June 30, 2009 and 2008, the Company recognized no liability or benefit for uncertain tax positions (see Note 10).

The Company classifies interest accrued on unrecognized tax benefits with interest expense. Penalties accrued on unrecognized tax benefits are classified with operating expenses.

3. RETAINED INTEREST IN PURCHASED ACCOUNTS RECEIVABLE:

Retained interest in purchased accounts receivable consists of the following:

	June 30, 2009	December 31, 2008
Purchased accounts receivable outstanding	$ 5,118,364	$ 5,340,975
Reserve account	(708,722)	(954,104)
Allowance for uncollectible accounts	(122,214)	(94,505)
	$ 4,287,428	$ 4,292,366

Retained interest in purchased accounts receivable consists of United States companies in the following industries:

	June 30, 2009	December 31, 2008
Staffing	$ 578,675	$ 1,049,623
Transportation	1,629,424	1,666,895
Publishing	3,748	2,664
Construction	5,218	5,218
Service	1,992,031	1,417,615
Other	200,547	244,856
	$ 4,409,642	$ 4,386,871

Total accounts receivable purchased were as follows:

For the six months ending June 30,	
2009	2008
$ 24,496,000	$ 13,596,000

For the quarters ending June 30,	
2009	2008
$ 13,099,000	$ 7,558,000

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	Estimated Useful Lives	June 30, 2009	December 31, 2008
Furniture and fixtures	2-5 years	$ 33,960	$ 33,960
Computers and software	3-7 years	132,041	121,012
		166,001	154,972
Less accumulated depreciation		(109,736)	(84,791)
		$ 56,265	$ 70,181

5. DUE FROM/TO FINANCIAL INSTITUTION:

In November 2008, the Company entered into an agreement with a financial institution to finance the factoring of receivables and to provide ongoing working capital. The agreement is a revolving credit facility that allows the Company to borrow up to a maximum amount, subject to a borrowing base formula. This agreement was amended in May 2009.

The original agreement permitted the Company to borrow up to $15,000,000; the amended agreement lowers the maximum borrowing amount to $5,000,000. The original agreement was scheduled to expire in November 2011; the amended agreement expires on December 31, 2009. The amended agreement requires the Company to pay a $50,000 fee if any amounts are unpaid on the expiration date.

In the event the Company is not able to obtain replacement financing for this revolving credit facility on or before its expiration date (December 31, 2009) sever liquidity problems could occur.

Borrowings are made at the request of the Company. The amount eligible to be borrowed is based on a borrowing base formula as defined in the agreement. The interest on borrowings is paid monthly at LIBOR rate plus 4%. In addition to interest, the Company pays the financial institution various monthly fees as defined in the agreement.

The agreement is collateralized by a first lien on all Company assets. Borrowings on this agreement are partially guaranteed by the Company's President and Chief Executive Officer. The partial guarantee is $250,000 each.

The original agreement, among other covenants, required the Company to maintain certain financial ratios. The amended agreement revised the financial ratio covenants. As of June 30, 2009 and December 31, 2008, the Company was in compliance with, or obtained waivers for, all provisions of this agreement.

6. CAPITAL STRUCTURE:

The Company's capital structure consists of preferred and common stock as described below:

Preferred Stock – The Company is authorized to issue 10,000,000 shares of $.001 par value preferred stock. The Company's Board of Directors determines the rights and preferences of its preferred stock.

On January 31, 2007, the Company filed a Certificate of Designation with the Secretary of State of Delaware. Effective with this filing, 2,000,000 preferred shares became Series 1 Convertible Preferred Stock. Series 1 Convertible Preferred Stock will rank senior to Common Stock.

Series 1 Convertible Preferred Stock is convertible into 5 shares of the Company's Common Stock. The holder of the Series 1 Convertible Preferred Stock has the option to convert the shares to Common Stock at any time. Upon conversion all accumulated and unpaid dividends will be paid as additional shares of Common Stock.

The dividend rate on Series 1 Convertible Preferred Stock is 8%. Dividends are paid annually on December 31st in the form of additional Series 1 Convertible Preferred Stock unless the Board of Directors approves a cash dividend. Dividends on Series 1 Convertible Preferred Stock shall cease to accrue on the earlier of December 31, 2009, or on the date they are converted to Common Shares. Thereafter, the holders of Series 1 Convertible Preferred Stock have the same dividend rights as holders of Common Stock, as if the Series 1 Convertible Preferred Stock had been converted to Common Stock. Accrued dividends at June 30, 2009 and December 31, 2008 were $260,711 and $0.

Common Stock – The Company is authorized to issue 40,000,000 shares of $.001 par value Common Stock. Each share of Common Stock entitles the holder to one vote at all stockholder meetings. Dividends on Common Stock will be determined annually by the Company's Board of Directors.

The shares issued in Series 1 Convertible Preferred Stock and Common Stock as of June 30, 2009 and December 31, 2008 is summarized as follows:

	Series 1 Convertible Preferred Stock	Common Stock
Balance, December 31, 2008	1,314,359	12,940,378
Balance, June 30, 2009	1,314,359	12,940,378

7. EMPLOYMENT AND STOCK OPTION AGREEMENTS:

Employee/Directors

The Company has employment and stock option agreements with its Chief Executive Officer, Morry Rubin ("M. Rubin") and its President, Brad Bernstein ("B. Bernstein")

The following summarizes M. Rubin's employment agreement and stock options:

- The employment agreement (dated January 31, 2007) with M. Rubin retains his services as Co-chairman and Chief Executive Officer for a three-year period.

- An annual salary of $1 until, the first day of the first month following such time as the Company shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, M. Rubin's base salary shall be adjusted to an amount, to be mutually agreed upon between M. Rubin and the Company, reflecting the fair value of the services provided, and to be provided, by M. Rubin taking into account (i) his position, responsibilities and performance, (ii) the Company's industry, size and performance, and (iii) other relevant factors. M. Rubin is eligible to receive annual bonuses as determined by the Company's compensation committee. M. Rubin shall be entitled to a monthly automobile allowance of $1,500.

- 10-year options to purchase 650,000 shares exercisable at $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan. Vesting of the options was one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009.

- 10-year options to purchase 250,000 shares exercisable at $.62 per share, pursuant to agreements entered into in March 2009. These options were issued in March 2009 in connection with a personal guarantee provided to a financial institution (see Note 5). These options were recorded as deferred financing costs and will be amortized to operations over the remaining life of the line of credit agreement.

The following summarizes B. Bernstein's employment agreement and stock options:

- The employment agreement (dated January 31, 2007) with B. Bernstein retains his services as President for a three-year period.

- An annual salary of $205,000 during the first year, $220,000 during the second year and $240,000 during the third year and any additional year of employment. The Board may periodically review B. Bernstein's base salary and may determine to increase (but not decrease) the base salary in accordance with such policies as the Company may hereafter adopt from time to time. B. Bernstein is eligible to receive annual bonuses as determined by the Company's compensation committee. B. Bernstein shall be entitled to a monthly automobile allowance of $1,000.

- 10-year options to purchase 950,000 shares exercisable at $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009.

- 10-year options to purchase 250,000 shares exercisable at $.62 per share, pursuant to agreements entered into in March 2009. These options were issued in March 2009 in connection with a personal guarantee provided to a financial institution (see Note 5). These options were recorded as deferred financing costs and will be amortized to operations over the remaining life of the line of credit agreement.

Outside Directors

The Company entered into stock option agreements with outside directors. The following summarizes stock option agreements entered into with these directors:

- As of December 31, 2008, there were 460,000 shares exercisable at $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan. The exercise period for these options is 10 years. Vesting of the options was one-third immediately, one-third one year from the grant date and the remainder two years from grant date. If any director ceases serving the Company for any reason, all unvested options shall terminate immediately and all vested options must be exercised within 90 days after the director ceases serving as a director. In December 2008, one of these directors resigned. As of June 30, 2009, all options granted to this director expired.

  As of June 30, 2009, there were 280,000 shares exercisable at $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan. The exercise period for these options is 10 years. All of these options are fully vested. If any director ceases serving the Company for any reason, the options must be exercised within 90 days after the director ceases serving as a director.

Managerial Employees

The following summarizes stock option agreements entered into with five managerial employees:

- As of June 30, 2009, 10-year options to purchase 69,000 shares exercisable at $1.00 to $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan were granted. The grant dates vary from September 2007 to March 2009. Vesting periods range from one to four years. If any employee ceases being employed by the Company for any reason, all vested and unvested options shall terminate immediately.

The following table summarizes information about stock options as of June 30, 2009:

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable
$.62 to $1.25	2,445,500	10 years	2,318,833

The Company records the issuance of these options in accordance with SFAS No. 123(R). The following information was input into a Black Scholes option pricing model to compute a per option price of $.0468 to $.1920:

Exercise price	$.62 to $1.25
Term	10 years
Volatility	83% to 250%
Dividends	0%
Discount rate	2.82% to 4.75%

The financial effect of these options to record over their life is as follows:

Options to value	1,945,500	500,000	2,445,500
Option price	$ 0.0468	$ 0.1920	
Total expense to recognize over life of options	$ 91,049	$ 96,000	$ 187,049

The pre-tax fair value recorded for these options in the statement of operations for the six months ended June 30, 2009 and 2008 was as follows:

	For the six months ended June 30, 2009	For the six months ended June 30, 2008
Fully vested stock options	$ 1,759	$ 2,548
Unvested portion of stock options	1,842	7,709
	3,601	10,257
Benefit for expired stock options	(8,424)	-
(Benefit) provision, net	$ (4,823)	$ 10,257

8. STOCK WARRANTS:

In connection with the Company's initial public offering in 2007, the Company issued warrants to purchase 1,342,500 shares of the Company's common stock. The following information was input into a Black Scholes pricing model to compute a per warrant price $.0462:

The following table summarizes information about stock warrants as of June 30, 2009:

Exercise price	$ 1.10
Term	5 years
Volatility	2.5
Dividends	0%
Discount rate	4.70%

9. CONCENTRATIONS:

Revenues – The Company recorded revenues from United States companies in the following industries as follows:

Industry	For the six months ending June 30,	
	2009	2008
Staffing	$ 143,164	$ 152,583
Transportation	300,022	166,428
Construction	-	2,869
Service	321,748	138,250
Other	32,546	25,047
	$ 797,480	$ 485,177

Industry	For the quarter ending June 30,	
	2009	2008
Staffing	$ 60,840	$ 71,322
Transportation	143,454	113,190
Construction	-	1,515
Service	170,008	76,633
Other	18,900	10,859
	$ 393,202	$ 273,519

Major Customers – The Company had the following transactions and balances with unrelated customers (1 for the six months ending June 30, 2009 and 30, 2008, respectively) which represent 10 percent or more of its revenues for the six months June 30, 2009 and 2008 as follows:

	For the six months ended June 30, 2009	For the six months ended June 30, 2008
Revenues	$ 80,700	$ 48,900

	As of June 30,2009	As of June 30,2008
Purchased accounts receivable outstanding	$ 545,300	$ 308,600

Cash – The Company places its cash and cash equivalents on deposit with a North Carolina financial institution. In October and November, 2008 the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to $250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2009, at which time it is anticipated amounts insured by the FDIC will return to $100,000. During the year, the Company from time to time may have had amounts on deposit in excess of the insured limits.

10. INCOME TAXES:

The income tax benefit for the six months ending June 30, 2009 and 2008 consists of the following:

	June 30, 2009	June 30, 2008
Current provision	$ 0	$ 0
Deferred benefit	239,000	251,000
	239,000	251,000
Valuation reserve	(239,000)	(251,000)
	$ 0	$ 0

The net operating loss carryforward generated in the six months ending June 30, 2009 and 2008 was approximately $646,500 and $689,000, respectively. The deferred tax assets related to these net operating loss carryforwards was approximately $239,000 and $251,000 as June 30, 2009 and 2008, respectively. These deferred tax assets have been reduced by valuation allowances. Management is uncertain if this net operating loss will ever be utilized, therefore it has been fully reserved.

11. FACILITY LEASES:

In May 2007, the Company executed lease agreements for office space in Charlotte, NC and Boca Raton, FL. Both lease agreements are with unrelated parties.

The Charlotte lease is effective on August 15, 2007, is for a twenty-four month term and includes an option to renew for an additional three year term at substantially the same terms. On November 1, 2007, the Company entered into a lease for additional space adjoining its Charlotte office. The lease is for 19 months and includes a two year renewal option at substantially the same terms. The monthly rent for the combined space is approximately $2,250.

The Boca Raton lease was effective on August 20, 2007 and is for a sixty-one month term. The monthly rental is approximately $8,300.

Total rent expense for the six months ending June 30, 2009 and 2008 was approximately $69,000 and $63,000 respectively.

12. OTHER RECEIVABLE:

Other receivable represents an amount due from a customer that the Company had purchased accounts receivable from. In June of 2009, the Company learned that the accounts receivable purchased from this customer were not paid to the Company, but to another party. The Company's factoring and security agreements provide the Company with several remedies for collecting. The Company intends to pursue all collection remedies available to them under their factoring and security agreements, including personal guarantees by the customer's principals. As of June 30, 2009, the Company believes these funds will be collected and has ceased accruing fees on the invoices.

13. SUPPLEMENTAL DISCLOSURES OF CASH FLOW:

Cash paid for interest for the six months ended June 30, 2009 and 2008 was $34,000 and $0 respectively.

Non-cash financing and investing activities consisted of the following:

For the six months ending June 30, 2009 -

None.

For the six months ending June 30, 2008 -

94,685 preferred shares issued in satisfaction of the accrued dividend obligation as of December 31, 2007.

Exchange of 220,366 preferred shares for 1,119,613 of common shares.

14. RECENT ACCOUNTING PRONOUNCEMENTS:

In April 2009, the FASB issued FSP SFAS 107-1 and APB 28-1 "*Interim Disclosures about Fair Value of Financial Instruments*" (FSP SFAS 107-1 and APB 28-1). FSP SFAS 107-1 and APB 28-1 amend the disclosure requirements in SFAS No. 107, "*Disclosures about Fair Value of Financial Instruments*" ("SFAS 107"), and APB Opinion No. 28, "*Interim Financial Reporting*," to require disclosures about the fair value of financial instruments within the scope of SFAS 107, including disclosure of the method(s) and significant assumptions used to estimate the fair value of financial instruments, in interim financial statements as well as in annual financial statements. Previously, these disclosures were required only in annual financial statements. FSP SFAS 107-1 and APB 28-1 are effective and should be applied prospectively for financial statements issued for interim and annual reporting periods ending after June 15, 2009. In periods after initial adoption, FSP SFAS 107-1 and APB 28-1 require comparative disclosures only for periods ending subsequent to initial adoption and does not require earlier periods to be disclosed for comparative purposes at initial adoption. The Company was not impacted by the adoption of this pronouncement.

In May 2009, the FASB issued FASB Statement No. 165, *Subsequent Events*, which establishes general standards of and accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issues or are available to be issued. This FASB was effective for interim and annual periods ending after June 15, 2009. The Company has complied with the requirements of FASB 165.

In June 2009, the FASB issued Statement No. 168, *The FASB Accounting Standards Codification TM and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162*. Under the Statement, The FASB Accounting Standards Codification (Codification) will become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. This Statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. In FASB's view, the issuance of this Statement and the Codification will not change GAAP, except for those nonpublic nongovernmental entities that must now apply the American Institute of Certified Public Accountants Technical Inquiry Service Section 5100, "Revenue Recognition," paragraphs 38-76. The Company does not expect that adoption of this Statement will have a material impact on the Company's consolidated financial statements.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 13, 2009, which is the date the financial statements were available to be issued.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing at the end of our Form 10-K for the fiscal year ended December 31, 2008. Some of the information contained in this discussion and analysis or set forth elsewhere in this form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of our Form 10-K for the fiscal year ended December 31, 2008 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Executive Overview

Our business objective is to create a well-recognized, national financial services firm for small businesses providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections support and assumption of risk of customer default. For certain service businesses, Anchor also provides back office support including payroll, payroll tax compliance and invoice processing services. We provide our services to clients nationwide and may expand our services internationally in the future. We plan to achieve our growth objectives as described below through a combination of strategic and add-on acquisitions of other factoring and related specialty finance firms that serve small businesses in the United States and Canada and internal growth through mass media marketing initiatives. Our principal operations are located in Charlotte, North Carolina and we maintain an executive office in Boca Raton, Florida which includes sales and marketing functions.

Summary of Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to credit provisions, intangible assets, contingencies, litigation and income taxes. Management bases its estimates and judgments on historical experience as well as various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, reflect the more significant judgments and estimates used in the preparation of our financial statements.

Summary of Critical Accounting Policies and Estimates

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – The Company charges fees to its customers in one of two ways as follows:

1) **Fixed Transaction Fee -** Fixed transaction fees are derived from a fixed percentage of the purchased invoice. This percentage does not change from the date the purchased invoice is funded until the date the purchased invoice is collected.

2) **Variable Transaction Fee -** Variable transaction fees vary based on the length of time the purchased invoice is outstanding. As specified in its contract with the customer, the Company charges variable increasing percentages of the purchased invoice as time elapses from the purchase date to the collection date.

For both fixed and variable transaction fees, the Company recognizes revenue by using one of two methods depending on the type of customer. For new customers the Company recognizes revenue using the cost recovery method. For established customers the Company recognizes revenue using the accrual method.

Under the cost recovery method, all revenue is recognized upon collection of the entire amount of purchased accounts receivable.

The Company considers new customers to be accounts whose initial funding has been within the last three months or less. Management believes it needs three months of history to reasonably estimate a customer's collection period and accrued revenues. If three months of history has a limited number of transactions, the cost recovery method will continue to be used until a reasonable revenue estimate can be made based on additional history. Once the Company obtains sufficient historical experience, it will begin using the accrual method to recognize revenue.

For established customers the Company uses the accrual method of accounting. The Company applies this method by multiplying the historical yield, for each customer, times the amount advanced on each purchased invoice outstanding for that customer, times the portion of a year that the advance is outstanding. The customers' historical yield is based on the Company's last six months of experience with the customer along with the Company's experience in the customer's industry, if applicable.

The amounts recorded as revenue under the accrual method described above are estimates. As purchased invoices are collected, the Company records the appropriate adjustments to record the actual revenue earned on each purchased invoice. These adjustments from the estimated revenue to the actual revenue have not been material.

Retained Interest in Purchased Accounts Receivable – Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account and collected but unearned fee income, plus earned but uncollected fee income. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable. Upon collection, the retained interest is refunded back to the client.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management considered approximately $122,000 and $94,000 of their June 30, 2009 and December 31, 2008 retained interest in purchased accounts receivable to be uncollectible.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because of the relatively short term nature of the purchased receivable and the fact that the majority of these invoices have been subsequently collected.

Property and Equipment – Property and equipment, consisting primarily of furniture and fixtures, computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method. Estimated useful lives range from 2 to 7 years.

Deferred Financing Costs – Costs incurred to obtain financing are capitalized and amortized over the term of the debt using the straight-line method, which approximates the effective interest method.

In March 2009, the Company issued stock options to its Chief Executive Officer and President. These options were issued to reward these executive's for providing personal guarantees on the Company's financing agreement obtained in November of 2008 (see Note 5). The fair value of these options were computed as specified by current accounting standards (see Note 7) and recorded as deferred financing costs. This amount will be amortized to operations over the remaining term of the financing agreement.

In May 2009, the terms of the financing agreement were amended. One of the amendments was to remove the Company from its obligation to pay the lender $100,000 in loan fees. Also, in May the Company negotiated a reduction in legal fees charged by their corporate attorney related to work done on this financing agreement. This reduction was approximately $41,600.

The expiration date of the financing agreement was also amended in May 2009. Under the initial terms the financing agreement was scheduled to expire November 2011. Under the amended terms the financing agreement will expire on December 31, 2009.

As of June 30, 2009 and December 31, 2008, the total amount capitalized and accumulated amortization is as follows:

	June 30, 2009	December 31, 2008
Cash paid or payable	$ 105,000	$ 246,634
Stock options granted	96,000	-
Accumulated amortization	(55,546)	(5,431)
	$ 145,454	$ 241,203

The net amount is classified in the balance sheets based on future expected amortization as follows:

	June 30, 2009	December 31, 2008
Current	$ 145,454	$ 85,130
Non-current	-	156,073
	$ 145,454	$ 241,203

Advertising Costs – The Company charges advertising costs to expense as incurred. Total advertising costs were as follows:

For the six months ending June 30,	
2009	2008
$ 173,000	$ 230,600
For the quarters ending June 30,	
2009	2008
$ 86,000	$ 79,200

Earnings per Share – Basic earnings per share is computed by dividing the earnings for the period by the weighted average number of common shares outstanding during the period. Dilutive earnings per share includes the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

Under the treasury stock method, options and warrants will have a dilutive effect if the average price of common stock during the period exceeds the exercise price of the options and warrants.

Also when there is a year-to-date loss from continuing operations, potential common shares should not be included in the computation of diluted earnings per share. For the quarters and six months ending June 30, 2009 and 2008, there was a year-to-date loss from continuing operations.

Stock Based Compensation – The fair value of transactions in which the Company exchanges its equity instruments for employee services (share-based payment transactions) must be recognized as an expense in the financial statements as services are performed.

See Note 7 for the impact on the operating results for the six months ended June 30, 2009 and 2008.

Fair Value of Financial Instruments – The carrying value of cash equivalents, retained interest in purchased accounts receivable, due to financial institution, accounts payable and accrued liabilities approximates their fair value.

Cash and cash equivalents – Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes – Income taxes are provided for the tax effects of transactions reported in the financial statements plus deferred income taxes related to the differences between financial statement and taxable income.

The primary differences between financial statement and taxable income for the Company are as follows:

- Compensation costs related to the issuance of stock options
- Use of the reserve method of accounting for bad debts
- Differences in bases of property and equipment between financial and income tax reporting
- Net operating loss carryforwards.

The deferred tax asset represents the future tax return consequences of utilizing these items. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net deferred tax assets will ever be realized.

The Company recognizes in its consolidated financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company analyzed all its tax positions, including tax positions taken and those expected to be taken.

For the six months ended June 30, 2009 and 2008, the Company recognized no liability or benefit for uncertain tax positions (see Note 10).

The Company classifies interest accrued on unrecognized tax benefits with interest expense. Penalties accrued on unrecognized tax benefits are classified with operating expenses.

Results of Operations

Three Months Ended June 30, 2009 vs. Three Months Ended June 30, 2008

Finance revenues increased 43.8% for the three months ended June 30, 2009 to $393,202 compared to $273,516 for the comparable period of the prior year. The change in revenue was primarily due to an increase in the number of clients. As of June 30, 2009, the Company had 103 active clients compared to 84 active clients as of June 30, 2008.

The Company had interest expense of $20,718 for the three months ended June 30, 2009 compared to interest income of $10,902 for the three months ended June 30, 2008. This change is primarily the result of the decrease in cash in interest bearing accounts due to the Company's using its cash and borrowing on its line of credit to fund its purchasing of clients' accounts receivable.

The Company had a provision for credit losses of $21,646 for the three months ended June 30, 2009 compared to a provision for credit losses for the three months ended June 30, 2008 of $11,140.

Operating expenses for three months ended June 30, 2009 were $698,610 compared to $557,650 for the three months ended June 30, 2008, a 25.3% increase. This increase is primarily attributable to the Company's incurring additional costs to grow Anchor's core business and support growth.

Key changes in certain selling, general and administrative expenses:

	Three Months Ended June 30,			
	2009	2008	$ Change	Explanation
Professional fees	$ 47,264	$ 17,852	29,412	Additional legal fees for corporate matters.
Payroll	258,865	198,494	60,371	Increased payroll to support growth initiatives
	$ 306,129	$ 216,346	$ 89,783	

Net loss for the three months ended June 30, 2009 was $(347,772) compared to $(284,372) for the three months ended June 30, 2008.

The following table compares the operating results for the three months ended June 30, 2009 and June 30, 2008:

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	$ Change	% Change
Finance revenues	$ 393,202	$ 273,516	$ 119,686	43.8
Interest income (expense), net	(20,718)	10,902	(31,620)	-
Net finance revenues	372,484	284,418	88,066	31.0
Provision for credit losses	(21,646)	(11,140)		
Finance revenues, net of interest expense and credit losses	350,838	273,278	77,560	28.4
Operating expenses	698,610	557,650	140,960	25.3
Net loss before income taxes	(347,772)	(284,372)	(63,400)	
Income tax (provision) benefit:				
Net loss	$ (347,772)	$ (284,372)	$ (63,400)	

Client Accounts

As of and for the three months ended June 30, 2009, we have one client that accounts for an aggregate of approximately 12.5% of our accounts receivable portfolio and approximately 10.2% of our revenues. The transactions and balances with these clients as of and for the three months ended June 30, 2009 are summarized below:

Entity	Percentage of Accounts Receivable Portfolio as of June 30, 2009	Percentage of Revenues for The Three Months Ended June 30, 2009
Transportation Company in Virginia	12.5	10.2

A client’s fraud could cause us to suffer material losses.

Six Months Ended June 30, 2009 vs. Six Months Ended June 30, 2008

Finance revenues increased 64.4% for the six months ended June 30, 2009 to $797,480 compared to $485,177 for the comparable period of the prior year. The change in revenue was primarily due to an increase in the number of clients. As of June 30, 2009, the Company had 103 active clients compared to 84 active clients as of June 30, 2008.

The Company had interest expense of $33,617 for the six months ended June 30, 2009 compared to interest income of $34,519 for the six months ended June 30, 2008. This change is primarily the result of the decrease in cash in interest bearing accounts due to the Company’s using its cash and borrowing on its line of credit to fund its purchasing of clients’ accounts receivable.

The Company had a provision for credit losses of $27,709 for the six months ended June 30, 2009 compared to a provision for credit losses for the six months ended June 30, 2008 of $5,044.

Operating expenses for six months ended June 30, 2009 were $1,409,807 compared to $1,221,905 for the six months ended June 30, 2008, an 15.4% increase. This increase is primarily attributable to the Company’s incurring additional costs to grow Anchor’s core business and support the growth.

Key changes in certain selling, general and administrative expenses:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	$ Change	Explanation
Professional fees	$ 89,547	$ 34,738	54,809	Additional legal fees for corporate matters.
Payroll	490,630	408,301	82,329	Increased payroll to support growth initiatives
Amortization of financing costs	46,411		46,411	Increased amortization of deferred financing costs
	$ 626,588	$ 443,039	$ 183,549	

Net loss for the six months ended June 30, 2009 was $(673,653) compared to $(707,253) for the six months ended June 30, 2008.

The following table compares the operating results for the six months ended June 30, 2009 and June 30, 2008:

	Six Months Ended June 30,			
	2009	2008	$ Change	% Change
Finance revenues	$ 797,480	$ 485,177	$ 312,303	64.4
Interest income (expense), net	(33,617)	34,519	(68,136)	-
Net finance revenues	763,863	519,696	244,167	47.0
Provision for credit losses	(27,709)	(5,044)		
Finance revenues, net of interest expense and credit losses	736,154	514,652	221,502	43.0
Operating expenses	1,409,807	1,221,905	187,902	15.4
Net loss before income taxes	(673,653)	(707,253)	33,600	
Income tax (provision) benefit:				
Net loss	$ (673,653)	$ (707,253)	$ 33,600	

Client Accounts

As of and for the six months ended June 30, 2009, we have one client that accounts for an aggregate of approximately 12.5% of our accounts receivable portfolio and approximately 10.4% of our revenues. The transactions and balances with these clients as of and for the six months ended June 30, 2009 are summarized below:

Entity	Percentage of Accounts Receivable Portfolio as of June 30, 2009	Percentage of Revenues for The Six Months Ended June 30, 2009
Transportation Company in Virginia	12.5	10.4

Liquidity

Cash Flow Summary

Cash Flows from Operating Activities

Net cash used by operating activities was $792,667 for the six months ended June 30, 2009 and was primarily due to our net loss for the period and cash used in acquiring operating assets, primarily to purchase accounts receivable. Increases and decreases in prepaid expenses, accounts payable, accrued payroll and accrued expenses were primarily the result of timing of payments and receipts.

Net cash used by operating activities was $1,793,041 for the six months ended June 30, 2008 and was primarily due to our net loss for the period and cash used in acquiring operating assets, primarily to purchase accounts receivable. Cash used for operating assets and liabilities was primarily due to an increase of $1,046,300 in retained interest in accounts receivable. Increases and decreases in prepaid expenses, accounts payable, accrued payroll and accrued expenses were primarily the result of timing of payments and receipts.

Cash Flows from Investing Activities

For the six months ended June 30, 2009, net cash used in investing activities was $11,029 for the purchase of property and equipment.

For the six months ended June 30, 2008, net cash used in investing activities was $17,997 for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $785,240 for the six months ended June 30, 2009 and was primarily due to increased borrowings from a financial institution to fund the purchase of accounts receivable.

Net cash provided by financing activities was $0 for the six months ended June 30, 2008.

Capital Resources

Based on numerous financial covenants, we currently have the availability to borrow up to $5 million senior credit facility through December 31, 2009 with an institutional asset based lender which advanced funds against up to 85% of "eligible net factored accounts receivable" (minus client reserves as lender may establish in good faith) as defined in Anchor's agreement with its institutional lender. This facility, which is secured by our assets, contains certain covenants related to tangible net worth, change in control and other matters. In the event that we fail to comply with the covenant(s) and the lender does not waive such non-compliance, we could be in default of our credit agreement, which could subject us to penalty rates of interest and accelerate the maturity of the outstanding balances. In the event we are not able to maintain adequate credit facilities for our factoring and acquisition needs on commercially reasonable terms, our ability to operate our business and complete one or more acquisitions would be significantly impacted and our financial condition and results of operations could suffer. We can provide no assurances that a replacement facility will be obtained by us on terms satisfactory to us, if at all. Our two executive officers have each personally guaranteed the indebtedness under our existing credit facility up to $250,000 per person for a total of $500,000. We can provide no assurances that personal guarantees will be provided by our executive officers to a new institutional lender or how that may impact the definitive terms of any new facility.

On May 20, 2009, the Registrant amended its Credit Facility to modify certain financial covenants which modifications the Registrant believes are favorable to it. These modifications will immediately increase our leverage to borrow based on our tangible net worth and allow us to use the Credit Facility for factoring portfolio acquisitions. However, the amendment accelerates the expiration date of the Credit Facility from November 21, 2011 to December 31, 2009 and decreases the facility from $15,000,000 to $5,000,000. The Credit Facility continues to contain customary representations and warranties, covenants, events of default and limitations, among other provisions. The amended agreement requires the Company to pay a $50,000 fee if any amounts are unpaid on the expiration date.

The financial statements and related financial data presented herein have been prepared in accordance with U.S. generally accepted accounting principles which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time and resulting from inflation. The impact of inflation on operations of the Company is reflected in increased operating costs. Unlike most industrial companies, almost all of the assets and liabilities of the Company are monetary in nature. As a result, interest rates have a more significant impact on the Company's performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the price of goods and services.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at the end of our most recent quarter. There have been no changes in the Company's disclosure controls and procedures or in other factors that could affect the disclosure controls subsequent to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

Management has not yet completed, and is not yet required to have completed, its assessment of the effectiveness of internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, as amended.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS:

As of the filing date of this Form 10-Q we are not a party to any pending legal proceedings.

Item 1A. Risk Factors

As a Smaller Reporting Company as defined Rule 12b-2 of the Exchange Act and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item 1A.

ITEM 2. CHANGES IN SECURITIES.

(a) For the six months ended June 30, 2009, there were no sales of unregistered securities, except as follows:

Date of Sale	Title of Security	Number Sold	Consideration Received, Commissions	Purchasers	Exemption from Registration Claimed
March 2009	Common Stock Options	51,500	Securities granted under Equity Compensation Plan; no cash received; no commissions paid	Employees, directors and/or officers	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder (6)
March 2009	Common Stock Options	500,000	Securities granted outside Equity Compensation Plan; no cash received; no commissions paid	Employees, directors and/or officers	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder (6)

(b) Rule 463 of the Securities Act is not applicable to the Company.
(c) In the six months ended June 30, 2009, there were no repurchases by the Company of its Common Stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES:

Not applicable.

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS:

Not applicable.

ITEM 5. OTHER INFORMATION:

Not applicable.

ITEM 6. EXHIBITS:

The following exhibits are all previously filed in connection with our Form 10-SB, as amended, unless otherwise noted.

2.1	Exchange Agreement
3.1	Certificate of Incorporation-BTHC,INC.
3.2	Certificate of Merger of BTHC XI, LLC into BTHC XI, Inc.
3.3	Certificate of Amendment
3.4	Designation of Rights and Preferences-Series 1 Convertible Preferred Stock
3.5	Amended and Restated By-laws
4.1	Form of Placement Agent Warrant issued to Fordham Financial Management
10.1	Directors' Compensation Agreement-George Rubin
10.2	Employment Contract-Morry F. Rubin
10.3	Employment Contract-Brad Bernstein
10.4	Agreement-Line of Credit
10.5	Fordham Financial Management-Consulting Agreement
10.6	Facilities Lease – Florida
10.7	Facilities Lease – North Carolina
10.8	Loan and Security Agreement with Textron Financial Corporation (1)
10.9	Revolving Note (1)
10.10	Debt Subordination Agreement (1)
10.11	Guaranty Agreement (Morry Rubin) (1)
10.12	Guaranty Agreement (Brad Bernstein) (1)
10.13	Continuing Guaranty Agreement (1)
10.14	Pledge Agreement (1)
10.15	Amendment to Loan and Security Agreement with Textron Financial Corporation (2)
31(a)	Rule 13a-14(a) Certification – Chief Executive Officer *
31(b)	Rule 13a-14(a) Certification – Chief Financial Officer *
32(a)	Section 1350 Certification – Chief Executive Officer *
32(b)	Section 1350 Certification – Chief Financial Officer *
99.1	2007 Omnibus Equity Compensation Plan
99.2	Form of Non-Qualified Option under 2007 Omnibus Equity Compensation Plan
99.3	Press Release – Results of Operations – Second Quarter 2009*

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*Filed herewith.

(1) Incorporated by reference to the Registrant's Form 8-K filed November 24, 2008 (date of earliest event November 21, 2008).

(2) Incorporated by reference to Registrant's Form 8-K filed May 21, 2009 (date of earliest event – May 20, 2009).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ANCHOR FUNDING SERVICES, INC.

Date: August 13, 2009	By:	/s/ Morry F. Rubin
		Morry F. Rubin
		Chief Executive Officer
Date: August 13, 2009	By:	/s/ Brad Bernstein
		Brad Bernstein
		President and Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Morry F. Rubin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anchor Funding Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer (if any) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 13, 2009

By: /s/ **MORRY F. RUBIN**
Morry F. Rubin
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Brad Bernstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anchor Funding Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer (if any) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 13, 2009

By: /s/ **BRAD BERNSTEIN**
Brad Bernstein
President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18U.S.C. SECTION 1350

In connection with the Quarterly Report of Anchor Funding Services, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Morry Rubin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ **MORRY F. RUBIN**
Morry F. Rubin
Chief Executive Officer
August 13, 2009

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18U.S.C. SECTION 1350

In connection with the Quarterly Report of Anchor Funding Services, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Bernstein, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ **BRAD BERNSTEIN**
Brad Bernstein,
President and Chief Financial Officer
August 13, 2009

FOR IMMEDIATE RELEASE-August 14, 2009

Anchor Funding Services, Inc. reports second quarter fiscal 2009 results.

Boca Raton, Fl. (PR Newswire) August14, 2009 – Anchor Funding Services, Inc. (OTC Bulletin Board Symbol "AFNG") announced today its results of operations for the quarter ended June 30, 2009. The company reported second quarter 2009 net finance revenues of $372,484 as compared to $284,418 for the comparable period of the prior year. The company reported six month ended June 30,2009 net finance revenues of $763,863, as compared to $519,696 for the comparable period of the prior year. The company also reported a second quarter 2009 net loss of $347,772 as compared to a net loss of $284,372 for the comparable period of the prior year. The company reported a six month 2009 net loss of $673,653, as compared to $707,253 for the comparable period of the prior year. The increase in net financing revenues for each reporting period is attributable to the company's investments in launching various sales initiatives. The net loss for each reporting period is attributable to the costs associated with our sales initiatives, hiring marketing and operations personnel, and increases in general and administrative costs.

Morry F. Rubin, CEO stated that " While building upon our organic growth initiatives we continue to explore acquisition opportunities of other U.S. factoring firms which would enhance our ability to increase revenues and profits, add additional factoring services and increase our geographic footprint and clients." In 2008 U.S. factoring volume (the dollar volume of invoices purchased) was approximately $136.0 billion. Acquisitions of regional factoring and specialty finance firms present a significant opportunity to capitalize on the current credit contraction.

Anchor provides accounts receivable financing to most types of U.S. businesses where the performance of a service or the delivery of a product can be verified. We have the ability to check a company's credit and evaluate its ability to pay invoices. Typically, small businesses do not have adequate resources to manage the credit and A/R collection functions internally and cannot afford to provide their customers extended credit terms.

Anchor is continuing to benefit from the current credit problems experienced by banks and other financial institutions. Banks face continued pressure to exit troubled loans and rebuild their balance sheets. As a result, lending criteria have tightened across the spectrum making it increasingly difficult for small businesses to obtain working capital. Through our sales force and marketing efforts we are implementing various ways to obtain business opportunities from bank rejections. Anchor is often able to provide working capital to small businesses when banks cannot.

We are excited about our future expansion opportunities and will continue to communicate important developments as they occur.

About Anchor

Anchor provides innovative accounts receivable funding and credit management services to small and mid-size U.S. businesses. Our funding program which is based upon creditworthiness of accounts receivable, provides rapid and flexible financing to support small businesses' daily working capital needs.

Additional Information

For additional information, a copy of Anchor's Form 10-Q can be obtained on the Internet by going to www.sec.gov, clicking "Search for Company filings," then clicking "Companies & Other Filers," typing in our company name and clicking "find Companies."

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performances or achievements express or implied by such forward-looking statements. The forward-looking statements are subject to risks and uncertainties including, without limitation, changes in levels of competition, possible loss of customers, and the company's ability to attract and retain key personnel.

Contact Morry F. Rubin, Chairman and C.E.O. (866) 950- 6669 EXT 302
Email: mrubin@anchorfundingservices.com