

RAINING DATA CORP
Form NT 10-K
June 30, 2006

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

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FORM 12b-25

NOTIFICATION OF LATE FILING

(Check one): Form 10-K Form 20-F Form 11-K Form 10-Q Form 10-D
 Form N-SAR Form N-CSR

For Period Ended: **March 31, 2006**

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended:

Read Instructions (on back page) Before Preparing Form. Please Print or Type.

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the Item(s) to which the notification relates:

PART I REGISTRANT INFORMATION

Raining Data Corporation

Full Name of Registrant

Former Name if Applicable

25A Technology Drive

Address of Principal Executive Office (*Street and Number*)

Irvine, California 92618

City, State and Zip Code

PART II RULES 12b-25(b) AND (c)

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If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense
 - (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
 - (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.
- x

PART III NARRATIVE

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

During the course of the annual audit for fiscal year 2006 ended March 31, 2006, the Company discovered the following:

The Company adopted SFAS No. 142 *Goodwill and Other Intangible Assets* on April 1, 2002. Prior to adoption of SFAS No. 142, the Company had recorded a deferred tax liability related to an assembled workforce intangible asset resulting from the acquisition of PickAx in December 2000. Upon adoption of SFAS No. 142, this deferred tax liability should have been reclassified to goodwill, but was not. Had the deferred tax liability been reclassified to goodwill, it would have created a need to increase the Company's valuation allowance for deferred tax assets by approximately \$450,000 during the first quarter of fiscal year 2003, with a corresponding charge to income tax expense. Therefore, the Company's net loss reported for the first quarter of fiscal year 2003 was understated by approximately \$450,000. Additionally, goodwill, total assets, and stockholders' equity have been overstated and accumulated deficit has been understated in the Company's consolidated balance sheet as of June 30, 2002 and thereafter.

The Company is in the process of determining the exact amount of the adjustment, and has concluded that it could not prepare the financial statements required to be included in the Form 10-KSB for the fiscal year ended March 31, 2006 within the time period prescribed for filing such form without unreasonable effort or expense. The Company intends to file the Form 10-KSB for the fiscal year ended March 31, 2006 on or before the fifteenth calendar day following the prescribed due date.

SEC 1344 (03-05) **Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**
