SIENA TECHNOLOGIES, INC.
Form 10KSB
April 18, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

ý **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: **DECEMBER 31, 2007.**

¨ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: _____________ to _____________

SIENA TECHNOLOGIES, INC.

(Name of small business issuer in its charter)

Nevada	**000-25499**	**88-0390360**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

5625 South Arville Street, Suite E, Las Vegas Nevada, 89118

(Address of Principal Executive Office) (Zip Code)

(702) 889-8777

(Registrant s telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**

Securities registered pursuant to Section 12(g) of the Act:

Common stock, par value
$0.001 per share.
(Title of Class)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 ý No ¨

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ¨

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

State issuer s revenues for its most recent fiscal year: $7,327,845.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of April 8, 2008: $221,833 (Based on 22,183,294 shares held by non-affiliates and the closing price of our stock of $0.01 on March 20, 2008.)

State the number of shares outstanding of each of the registrant s classes of common stock as of April 8, 2008: 42,163,691.

Documents incorporated by reference: None.

DOCUMENTS INCORPORATED BY REFERENCE

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

SIENA TECHNOLOGIES, INC. AND SUBSIDIARIES
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PART I

ITEM 1.

DESCRIPTION OF BUSINESS.

OVERVIEW

On October 25, 2006, Network Installation Corp. (NIC) changed its name to Siena Technologies, Inc. (the Company). The Company was incorporated on March 24, 1998 under the laws of the state of Nevada. The Company has one wholly owned subsidiary, Kelley Communication Company, Inc. (Kelley).

The Company currently does business through its wholly owned subsidiary, Kelley Communication Company, Inc. (Kelley). Kelley has two operating divisions, Kelley Technologies and Enhance Home Technology (Enhance). Kelley specializes in the design, development and integration of automated system networks known as smart technologies, primarily for the gaming, entertainment and luxury residential markets. Kelley has developed a Patent-Pending, proprietary, next-generation Race and Sports Book technology platform designed for the gaming industry. In addition, Kelley has acquired exclusive rights to sell Techcierge™, a "smart building" software management system. The rights are exclusive in Nevada, Arizona and California with regard to the Multiple Dwelling Unit ("MDU") marketplace and the rights are exclusive on a worldwide basis with regard to the gaming and casino marketplace. In addition, Kelley has acquired non-exclusive rights to sell a smart building security and surveillance software and hardware system.

Kelley s systems networks include: data, telecommunications, audio and video components, casino surveillance, security and access control systems, entertainment audio and video, special effects and multi-million dollar video conference systems. Kelley does work primarily in the Las Vegas area, but has also done projects in New Jersey, Oklahoma, Colorado, California, Texas, Arizona, Georgia, North Carolina, New York, North Dakota, South Dakota, Indiana, Illinois, Kansas, Washington, Kentucky, Louisiana, Missouri, Mississippi, Pennsylvania, and the Caribbean.

HISTORY

The Company incorporated in the State of Nevada as Color Strategies on March 24, 1998. On December 23, 1999, the Company changed its name to Infinite Technology Corporation. On April 25, 2000, it changed its name to Flexxtech Holdings, Inc. On July 10, 2003, the name was changed to Network Installation Corp. On October 25, 2006, it changed its name from Network Installation Corp. to Siena Technologies, Inc. (Siena).

In May 2003, the Company acquired Irvine, California-based Network Installation Corporation. Network Installation, or NIC, was established in July 1997 as a California corporation. At the time of acquisition, NIC provided products, project management, design and installation within the networking and communications sector.

On March 1, 2004, the Company acquired Del Mar Systems International, Inc., a telecommunications solutions provider. The acquisition of Del Mar allowed the Company to provide integrated telecom solutions to our customers.

In January 2005, the Company acquired COM Services, Inc. (COM), a privately-held California corporation. COM provided installations of cabling infrastructure for school districts, universities and colleges.

On September 22, 2005, the Company acquired Kelley Communication Company, Inc. Kelley has two operating divisions, Kelley Technologies and Enhance Home Technology. Kelley specializes in the design, development and integration of automated system networks known as smart technologies, primarily for the gaming, entertainment and luxury residential markets.

On November 4, 2005, the Company announced the acquisition of Spectrum Communications Cabling Services, Inc., a complete solution network service firm which provides network design, installation and maintenance of voice and data network systems. On January 6, 2006, the Company announced the rescission of our acquisition of Spectrum due to material philosophical differences between the parties regarding operations as well as future direction.

In the second quarter of 2006, the plans were finalized to discontinue operations of the NIC and COM subsidiaries. The Company decided to close down these operations primarily because they were incurring operating losses, had low gross margins and were experiencing cash flow shortages, in addition to the fact that these businesses were not consistent with the core business of our subsidiary, Kelley.

During 2007, Siena sold its ownership interest in Tuscany Services LLC for $775,000 cash, more specifically, on November 19, 2007, and April 9, 2007, the Company sold 50% interests in Tuscany Services, LLC respectively.

Divestiture of Assets of Kelley Communication Company, Inc.

On March 17, 2008, the Board of Directors, believing it to be in the best interests of the Company and its shareholders, approved the sale of the assets (the Asset Sale) of the Company s wholly owned subsidiary, Kelley Communication Company, Inc., a Nevada corporation (Kelley Communication) pursuant to the terms of a certain Asset Purchase Agreement by and among our Company, Kelley Communication, Mr. James Michael Kelley, and Kelley II, LLC, a newly formed Nevada limited liability company (Kelley II).

Mr. Kelley owns 100% of the limited liability company membership interests of Kelley II, and is its sole managing member. Additionally, he may be deemed to be the beneficial owner of approximately 13,816,577 shares of Siena s capital stock owned by Kelley II (the Kelley Shares). He is also a former director, who served on our Board from September 22, 2005 until January 2008. Mr. Kelley transferred the Kelley Shares to Kelley II for purposes of consummating the transactions contemplated by the Asset Purchase Agreement.

On April 7, 2008, we entered into the Asset Purchase Agreement with Mr. Kelley, Kelley II and Kelley Communication, pursuant to which we have agreed to sell certain of Kelley Communication s assets to Kelley II. Such tangible and intangible assets of Kelley Communication, include, but are not limited to, all equipment, all rights of the Kelly Communication against vendors, all customer lists, files and related information, all inventory, all rights of the Kelly Communication under certain contracts, all permits, all intellectual property of Kelly Communication, including trademarks, service marks, trade names, domain names, web sites, phone, fax and email addresses, all rights or choses in action following the closing of the acquisition related to Kelly Communication s business, all books and records, all computer software, hardware, data rights and documentation, all cash and cash equivalents, and all goodwill related to these assets. A complete description of the assets sold is set forth in the Asset Purchase Agreement.

In exchange for the sale of the assets, Kelley II assumed certain liabilities of Kelley Communication, which include, but are not limited to, the liabilities, if any, relating to the Obligations and Liabilities (each as defined in the Asset Purchase Agreement) of Kelly Communication and Siena with respect to the sale of Tuscany Services, LLC, with respect to that certain Settlement Agreement dated January 31, 2007, by and between Kelly Communication, Kelley Technologies, LLC, Michael Kelley, Siena, Lisa Cox, individually and as Special Administratrix of the Estate of Stephen L. Cox, and with respect to that certain Confession of Judgment entered into by the District Court, Clark County, Nevada, dated December 1, 2007, in favor of Technology In Practice, LLC against Kelly Communication. A complete description of the liabilities assumed is set forth in the Asset Purchase Agreement.

Additionally, in exchange for the acquired assets, Kelley II assigned and transferred to Siena all of the Kelley Shares.

The closing of the transaction is expected to occur on or about May 15, 2008, and is subject to the satisfaction of certain closing conditions, including but not limited to approval of the transaction by the holders of a majority of the issued and outstanding common stock of Siena. Upon effectiveness of the divestiture as contemplated by the Asset Purchase Agreement, the Company will have virtually no assets and may be deemed to be a shell company as deferred in Rule 12b-2 of the Exchange Act.

INDUSTRY OVERVIEW GAMING

The gaming industry is a high growth industry with ownership increasingly consolidated among several large casino and hotel owners, and a large number of much smaller competitors. The industry tends to be clustered in Las Vegas, Nevada, but also has a presence in Atlantic City, New Jersey and the Caribbean, and on Indian land in many states across the U.S. Casinos, resorts and hotels in the gaming industry, more than most leisure industries, depend on flashy special effects, large video boards and advanced audio systems to compete for the attention of gamblers and consumers. Siena believes this offers a growth opportunity to sell our automated system networks known as smart technologies.

INDUSTRY OVERVIEW MULTIPLE DWELLING UNITS

The Company believes there is a trend developing in the U.S. whereby Multiple Dwelling Units, or MDUs, are increasingly being built in urban areas around the country. Miami, San Diego and Las Vegas seem to be at the center of this trend. The high-rise MDUs cater to upscale residents and visitors, many of which desire smart home products for their condos. Smart homes include a level of automation that allows touch panel control for any/all of the following systems: audio, video, telephone, data, lighting, shades, HVAC, vacuum and security. Due to less and less buildable land close in to these urban centers, the trend of building upward seems likely to continue, as it did in larger cities that ran out of space earlier in their development cycles. Siena believes this increase in MDU developments will offer the company the opportunity to sell automated system networks, Techcierge™ (a proprietary “smart building” software management system), Condoplex (a proprietary “smart building” security and surveillance system) as well as “smart home” technology systems to homeowners, and Siena has begun to target this industry as a potential area of growth, however there can be no assurances that efforts will be successful.

OUR BUSINESS

Prior to our acquisition of Kelley in September 2005, the Company was located in Irvine, California, from which focused on the design, installation, and deployment of specialty communication systems for data, voice, video and telecom. The company s technicians designed the applications required for network build-outs, structured cabling, deployment, security, training, and technical support and Wi-Fi, Voice over Internet Protocol, or VoIP, and traditional telecom products.

After the acquisition of Kelley in September 2005, Siena focused its efforts on Kelley s primary markets, believing those markets offer the best opportunity for growth. Siena analyzed its two locations and determined it could decrease costs by consolidating operations in Las Vegas. As a result, in the fourth quarter of 2005, Siena began to migrate its business toward Kelley s opportunities and stopped taking on new business through itssubsidiaries located in California, NIC and COM.. In March 2006, Siena moved its corporate offices from Irvine, California to Las Vegas, Nevada in order to better serve the Las Vegas market. Siena no longer has any operations in its NIC and COM subsidiaries and continues to focus its efforts on developing the Kelley subsidiary.

Recent projects include designing and installing the following systems:

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Restaurant sound and plasma displays;

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Patent-Pending Race & Sports Book technology platforms, including satellite, cable television, live horse racing, state of the art video displays with audio, voice and data;

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Spa and health club audio and video;

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Hotel guest room television, audio, telecommunications and internet, and control systems to manage them;

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Convention center and meeting room technologies, including drop down video projection, audio, voice and data networks;

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Back of the house closed circuit television and audio, voice and data;

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Hotel and casino public area audio, television voice and data services;

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Large casino surveillance and security systems;

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Access control systems;

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Corporate boardroom touch screen controlled audio, video, video conference, internet, data and telecommunications systems;

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Large casino wide data networks for slot machines, cash machines, point of sale devices and casino player tracking;

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Casino wide networked plasma displays for advertising;

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Casino parking garage and public area background music and paging systems, access control and point of sale networks;

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Main showroom audio and video systems, theatrical lighting and special effects;

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Lounge and nightclub systems, video projection, special effects, point of sale networks, theatrical lighting; and

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Security and surveillance systems and control centers.

Through year ended December 31, 2007, Siena also offered Triple Play services to condominium owners in MDU developments.

SUPPLIERS

While Siena is predominately a service company, it purchases and resells products such as networking controllers, cable, televisions, software, audio, video, surveillance and other equipment involved in the Company s projects. Siena purchases products from various distributors, and, in some cases, directly from the manufacturer. Should any of these distributors and vendors cease operations, the business would not be materially affected because most of these products are readily available from multiple distributors locally, regionally or nationally.

OPERATIONS

After the acquisition of Kelley, the Company s focus was switched to design, development and integration of automated system networks known as smart technologies, primarily for the gaming, entertainment and luxury residential markets. The Company also fabricates the servers, routers and other control equipment that run the systems design. Siena employees provide the consulting, design and project management services to customers. However, the Company does not have employees to install cable in the projects it designs, nor does the Company install equipment. Siena fabricates all racked equipment at its facility, test such equipment and then deliver the equipment to the job site. Racked equipment is equipment contained in a rack or cabinet. The racked electronics, speakers, equipment, televisions, conduit or cable on any project are installed by the general or the electrical contractor.

SALES AND MARKETING

Through its wholly owned subsidiary, Kelley, Siena focuses primarily on the gaming, entertainment and luxury residential markets. The Company believes it is uniquely positioned to serve this market with nearly two decades of service, long standing relationships with key decision-makers, proprietary technologies, and a high quality design and project management team. Additionally, the Company offers a one-stop shop for high quality, reliable, and efficient system designs, which few of its competitors can do. Siena believes we have significant growth opportunities within these industries as the industries continue to grow and develop new properties and continue to rely on improved security, audio/visual effects, and other technology advancements.

The Company generates most new business through repeat business from existing or former clients and is also contacted directly by customers who learn about the Company from its reputation in the marketplace. Siena markets services to the MDU industry because it believes this market poses a growth opportunity. In Las Vegas, these high-rises are often affiliated and in some cases attached to existing casino and hotels complexes. Since Kelley has established relationships with many of the developers, architects, and owners of MDU projects, and since the design and project management for the communication technology and

Systems networks needs of this segment are similar to that for other hi-rise buildings such as the hotel towers attached to casinos, Siena believes it can enter this market successfully. In addition, Kelley is often introduced to a new MDU opportunity by an architect or by the developer or owner directly. Kelley is then able to upsell many services to these customers, who may have initially invited Kelley to the project for its design and build expertise of the smart building technologies that these MDU projects need. This gives the Company a competitive advantage being that it is involved with the decision makers in the project very early on in the process, many of whom prefer to work with Kelley as a one-source solution provider for all of the smart building technology needs as well as the opportunity to cross sell many more offerings.

CUSTOMERS

Since the acquisition of Kelley in September 2005, Siena provides services primarily to the gaming and MDU industries. The Company typically works with developers who put the building project together, and also works with architects who oversee the primary design of the project. These individuals will subcontract out specific projects to us as part of an overall building plan.

While the majority of the Company s projects are in Las Vegas, the Company works with customers in the gaming and luxury residential industries outside of Las Vegas including Atlantic City, New Jersey, Oklahoma, Colorado, California, Texas and the Caribbean.

During 2006, Kelley provided services to Red Rock Hotel Casino Resort and Spa (Red Rock), Green Valley Ranch, Santa Fe Station and Fiesta Station, all of which are owned in whole or in part by Station Casinos, Inc. and all are located in Las Vegas, Nevada. The contracts with Stations Casinos accounted for approximately $12.5 million, or approximately 67.6%, of the Company snet revenues for the year ended December 31, 2006.

The Red Rock project was important to the Company not only for the revenues it generated but also as a platform to showcase a unique experience in developing systems for the gaming industry. As part of the Red Rock project, Kelley developed a proprietary, Patent-Pending Race and Sports Book technology platform. This platform includes three side-by-side jumbo screens that are each 18 by 32 feet. Each of the screens can be divided into ten configurations to display horse races, sporting events and Station Casinos odds. Additionally, there are 213 seats each with TV monitors. The Company believes this project set a new standard for casinos and will further establish its reputation in the industry, as evidenced by contracts and delivery on three additional Race and Sports Book technology platforms during 2006 and contracts to design two additional Race & Sports Book technology platforms in 2007.

During 2007, Kelley was contracted by Station Casinos to design two additional Race and Sports Book technology platforms for their planned construction of Aliente Station Casino and Resort and Durango Station Casino and Resort. New construction at these two locations is scheduled during 2008. Kelley generates a substantial amount of its revenues from a relationship with Stations Casinos, Inc. If this relationship were to end, Kelley s net revenues, cash flows and net income would likely decrease for at least the short-term. During 2007, Kelley also provided services to the Miracle Mile mall located on the Las Vegas strip, in the approximate amount of $1.7 million as well as other larger projects in excess of $400,000 including Mira Villa, Houston Mosaic, and Palms Place. In addition, Kelley continued its design work in a number of well recognized projects including Hard Rock remodel design, the Mirage Spa, Cosmo design, Louis Restaurant design and build, and the Sahara Hotel.

STRATEGIC ALLIANCES

Kelley has an agreement dated December 30, 2005, with Simplikate Systems to resell Techcierge™. Techcierge™ is a “smart building” management software that ties amenity, security and management functions together under one simple interface that can be accessed by any PC over the web or integrated with many types of wireless and in-wall touch panels. The Company resells this smart software as part of its integrated “smart building” technology solutions. Kelley has the worldwide distribution rights within the hotel and casino market to resell Techcierge™. Kelley was also awarded the exclusive reseller rights to Techcierge™ for the MDU market in Arizona, Nevada and California (our “Market”).

The Simplikate agreement is for a term of five years, with two automatic renewals for one year terms. The Company is required to pay $10,000 per month to Simplikate. The sales price to itscustomers is $50,000 as a one time set up fee for the software, which the Company then installs. In addition, the Company generates revenues from building management of $10.00 per unit, per month, for condominium owners who have access to the system. The Company s costs include a one-time payment to Simplikate of $35,000 associated with the sale of the system, plus a fee of $7.00 per month, per unit for unit owners who have access to the system. Therefore, the net revenues to the Company are equal to $15,000 on the sale of the system and $3.00 per month, per unit, for owners who have access to the system. In addition, the Company is entitled to a fee of 15% (its Commission) of any recurring fees Simplikate receive for Techcierge™ from sales made by any authorized reseller of Techcierge™ to developers of new communities, associations or other entities within our Market. Currently the Company is analyzing the future level of commitment to this business given its limited resources to promote meaningful sales.

Kelley has an agreement in place with DirecTV to resell DirecTV to approximately 30 casino-based Race and Sports Books. As part of this service, we handle all billing and customer service. We receive a 10% commission from DirecTV for the services purchased.

INTELLECTUAL PROPERTY

Kelley filed for a Patent-Pending on July 19, 2005 for integrating casino race and sports book information (video and wagering information) and then displaying it to multiple movie theatre sized screens. Capable of displaying dozens of sporting events and horse races simultaneously, this technology allows casino management to immediately change video sources, as well as display them at various sized images of choice, based on the operator s desire. In addition, this technology enables casino management to have wagering information shown anywhere on the screens. This technology was installed at Red Rock on a 100-foot-wide screen, at Green Valley Ranch, Santa Fe Station and Borgata Hotel and Casino and Kelley expects to use this technology in future projects. The Company regards this technology as an important part of its service offerings.

Additionally, the Company regards domain names, trade secrets, proprietary technologies, and similar intellectual property as important to its success, and relies on trademark, and copyright law, trade-secret protection, and confidentiality and/or license agreements with employees, customers, partners, and others to protect our proprietary rights. Kelley has licensed in the past, and expects to license in the future, certain proprietary rights, technologies or copyrighted materials, from third parties relying on those third parties to defend their proprietary rights, copyrights and technologies.

Policing unauthorized use of itsproprietary rights is inherently difficult, and the Company may not be able to determine the existence or extent of any unauthorized use. The protection of itsintellectual property may require the expenditure of significant financial and managerial resources. Moreover, the Company cannot be certain that the steps it takes to protect its intellectual property will adequately protect its rights or that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights.

COMPETITION

While there are companies that provide communication technology and systems networks, the Company believes the market is very fragmented and there is no one dominant competitor. Its competitors offer some of the same services Kelley offers, but the Company is not aware of any competitors that offer the same combination of expertise, services and products that it offers to the gaming, resort and hospitality industries. Additionally, Kelley has nearly two decades of service, long standing relationships with key decision-makers, and a high-quality design and project management team. While it is possible that itscompetitors will increase their service offerings or develop expertise similar to Kelly s, the Company believes it can compete favorably in the industry.

EMPLOYEES

As of April 6, 2008, we employ 37 full time employees, six are executives, three are in sales and marketing, six are administrative, and the bulk of the employees are either in design, fabrication/installation, or project management roles. We believe our relations with all of our employees are good.

SUBSIDIARIES

As of April 6, 2008, we have one wholly-owned subsidiary: Kelley Communication Company, Inc.

ITEM 2.

DESCRIPTION OF PROPERTY.

On June 29, 2004, The Company entered into a lease agreement with Alton Plaza Property Inc. for office space located at 15235 Alton Parkway, Suite 200, Irvine, CA with rent totalling approximately $13,475 per month and the lease had a term of 51 months. Siena terminated the lease on February 28, 2006, and forfeited approximately $26,000, which included a security deposit and one month s rent, in order to consolidate its\ operations in Las Vegas and continue to expand itsoperations around the Kelley subsidiary.

On April 1, 2003, Kelley entered into a lease agreement with RMS Limited Partnership, for office and warehouse space located at 5625 South Arville Street, Las Vegas, Nevada. The lease term is for 66 months and ends on September 30, 2008. Siena acquired this obligation with the acquisition of Kelley. Rent expense for the years ended December 31, 2007 and 2006 amounted to approximately $173,000 and $186,000, respectively. Kelley is obligated to pay rent amounts as follows:

For the year ended:		
December 31, 2008	$	90,000

Kelley may extend the lease for two additional terms of three years from October 1, 2008 to September 30, 2011 and from October 1, 2011 to September 30, 2014, at a 4% annual increase in rent.

ITEM 3.

LEGAL PROCEEDINGS.

In March 2006, Lisa Cox sued Kelley, Mr. Kelley personally and the Company, claiming damages related to promises she alleges were made to her husband, prior to her husband s death. The alleged promises made resulted from business transactions with Kelley and/or its affiliates and/or subsidiaries, prior to our acquisition of Kelley. The suit was filed in Clark County, Nevada. This suit was settled on February 26, 2007, (effective January 31, 2007) whereby the Company agreed to pay $90,000 and issue 280,000 restricted shares of common stock of the Company to Mrs. Cox. The Company paid $30,000 to Mrs. Cox at settlement and is obligated to pay her $15,000 per year for the next four years on January 31, 2008, 2009, 2010 and 2011. The Company issued 280,000 restricted shares of its common stock on February 26, 2007. The shares are restricted as follows; 100,000 shares are restricted for 12 months. The restrictions on the remaining 180,000 shares are removed in 15,000 share increments on a monthly basis during months 13 to 24 from settlement.

On April 25, 2007, the Company received a summons and were sued by Technology In Practive, LLC d/b/a Main Advantage Services to pay them certain amounts of profits Kelley may generate in the future related to contracts that the Company is currently performing on related to the One Las Vegas project. Main Advantage Services is claiming that Kelley entered into a Joint Venture with them, however, there are no signed term sheets or contracts, nor have term sheets or contracts ever been drafted. Main Advantage Services is basing its request on verbal and email communications they had with Kelley. The plaintiff claims that Kelley breached the joint venture agreement and usurped the opportunity for its own benefit, usurped the joint venture s opportunity, made false representations with intent to defraud, detrimental reliance, breach of good faith and fair dealing, interference with plaintiff s contract with the customer, unjust enrichment, declaratory relief to establish the joint venture and injunctive relief requiring Kelley to transfer the agreement with One Las Vegas to the joint venture. The Company filed an Answer and Affirmative Defenses on behalf of Kelley on May 24, 2007 denying all of the claims. The plaintiff filed a Request for Exemption from Arbitration and Kelley subsequently filed an opposition; however, the Company received the Order from the Arbitration Commissioner granting plaintiff s Request to Exempt this case from Arbitration. On December 1, 2007, this issue was resolved through mediation. Kelley has agreed to pay Main Advantage Services a total of $80,000 in 40 consecutive monthly installments of $2,000 per month.

The Company may be involved in litigation, negotiation and settlement matters that may occur in its day-to-day operations. Management does not believe the implication of this type of litigation will, including those discussed above, have a material impact on the Company s financial statements.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of securityholders during the three months ended December 31, 2007 (the fourth quarter of the fiscal period covered by this report).

PART II

ITEM 5.

MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES.

Bid and ask quotations for Siena common shares are routinely submitted by registered broker dealers who are members of the National Association of Securities Dealers on the NASD Over-the-Counter Electronic Bulletin Board. These quotations reflect inner-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions. The high and low bid information for Siena shares for each quarter for the last two years, so far as information is reported, through the quarter ended December 31, 2007, as reported by the Bloomberg Financial Network, are as follows:

Quarter Ended	High Bid	Low Bid
March 31, 2006	$ 0.65	$ 0.40
June 30, 2006	$ 0.65	$ 0.28
September 30, 2006	$ 0.50	$ 0.20
December 31, 2006	$ 0.45	$ 0.22
March 31, 2007	$ 0.35	$ 0.17
June 30, 2007	$ 0.18	$ 0.05
September 30, 2007	$ 0.09	$ 0.03
December 31, 2007	$ 0.09	$ 0.01

NUMBER OF SHAREHOLDERS

As of April 14, 2008, we had approximately 1,040 shareholders of record.

DIVIDEND POLICY

The Company has not paid any dividends since inception and presently anticipate that all earnings, if any, will be retained for development of its business. Siena does not expect to declaure dividends on the shares of its common stock in the foreseeable future. Any future dividends will be subject to the discretion of the Siena Board of Directors and will depend upon, among other things, future earnings, operating and financial condition, capital requirements, general business conditions and other pertinent facts.

Equity Compensation Plan Information

The following table gives information about Siena common stock that may be issued upon the exercise of options, warrants and rights under existing equity compensation plans (including individual compensation arrangements) as of December 31, 2007.

Plan category	(a) Number of securities to be	(b) Weighted Average	(c) Number of securities

	issued upon exercise of outstanding options, warrants and rights	exercise price of outstanding options, warrants and rights	remaining available for future issuance under Equity Compensation plans (excluding securities reflected in column (a)
Equity compensation plans approved by security holders	3,760,000	$ .45	2,190,000
Equity compensation plans not approved by security holders	3,555,000	$ .10	0
Total	7,315,000	$ .28	2,190,000

ITEM 6.

MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The discussion and financial statements contained herein are for the three and twelve months ended December 31, 2007 and December 31, 2006. The following discussion should be read in conjunction with our financial statements and notes included herewith.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve risks and uncertainties. The Company generally uses words such as believe, may, could, will, intend, expect, anticipate, plan, and similar expressions to iden forward-looking statements, including statements regarding our ability to continue to create innovative technology products, our ability to continue to generate new business based on its sales and marketing efforts, referrals and existing relationships, itsfinancing strategy and ability to access the capital markets and other risks discussed in our Risk Factor section below. Although the Company believes the expectations expressed in the forward-looking statements included in this Form 10-KSB are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause its actual results to differ materially from those expressed in any forward-looking statements. The Company cannot assure that the results or developments expected or anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for Siena or affect Siena, its business or operations in the way expected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company does not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in its expectations, except as required by law.

EFFECT OF DISCONTINUANCE OF NIC AND COM OPERATIONS ON PRESENTATION

Siena acquired Kelley on September 22, 2005. With the acquisition of Kelley, Siena acquired in excess of 60 contracts with over 50 customers. Subsequent to the acquisition of Kelley, management decided to relocate the business from California to Nevada and to focus on Kelley s operation. As a result, the operations of NIC and COM were wound down and the financial results of their operations were reclassified into Loss from Discontinued Operations in the accompanying financial statements.

After the discontinuance of NIC and COM, the only operating subsidiary is Kelley. Because Siena reclassified the financial results of NIC and COM into Loss from Discontinued Operations Siena consolidated financial statements and this Management s Discussion and Analysis or Plan of Operation only reflect the results of our operations and the results of operations of Kelley for the year ended December 31, 2006. Since Siena acquired Kelly on September 22, 2005, the financial statements for the year ended December 31, 2005 only include three months and eight days of Kelley s operations (from September 22, 2005, the date it acquired Kelley, through December 31, 2005). The comparisons in this Management s Discussion and Analysis or Plan of Operation should be read with these facts in mind.

DIVESTITURE OF THE ASSETS OF KELLEY COMMUNICATION

On March 17, 2008, the Board of Directors, believing it to be in the best interests of the Company and its shareholders, approved the sale of the assets (the Asset Sale) of the Company s wholly owned subsidiary, Kelley Communication Company, Inc., a Nevada corporation (Kelley Communication) pursuant to the terms of a certain Asset Purchase Agreement by and among our Company, Kelley Communication, Mr. James Michael Kelley, and

Kelley II, LLC, a newly formed Nevada limited liability company (Kelley II).

Mr. Kelley owns 100% of the limited liability company membership interests of Kelley II, and is its sole managing member. Additionally, he may be deemed to be the beneficial owner of approximately 13,816,577 shares of Siena s capital stock owned by Kelley II (the Kelley Shares). He is also a former director, who served on our Board from September 22, 2005 until January 2008. Mr. Kelley transferred the Kelley Shares to Kelley II for purposes of consummating the transactions contemplated by the Asset Purchase Agreement.

On April 7, 2008, we entered into the Asset Purchase Agreement with Mr. Kelley, Kelley II and Kelley Communication, pursuant to which we have agreed to sell certain of Kelley Communication s assets to Kelley II.

Such tangible and intangible assets of Kelley Communication, include, but are not limited to, all equipment, all rights of the Kelly Communication against vendors, all customer lists, files and related information, all inventory, all rights of the Kelly Communication under certain contracts, all permits, all intellectual property of Kelly Communication, including trademarks, service marks, trade names, domain names, web sites, phone, fax and email addresses, all rights or choses in action following the closing of the acquisition related to Kelly Communication s business, all books and records, all computer software, hardware, data rights and documentation, all cash and cash equivalents, and all goodwill related to these assets. A complete description of the assets sold is set forth in the Asset Purchase Agreement.

In exchange for the sale of the assets, Kelley II assumed certain liabilities of Kelley Communication, which include, but are not limited to, the liabilities, if any, relating to the Obligations and Liabilities (each as defined in the Asset Purchase Agreement) of Kelly Communication and Siena with respect to the sale of Tuscany Services, LLC, with respect to that certain Settlement Agreement dated January 31, 2007, by and between Kelly Communication, Kelley Technologies, LLC, Michael Kelley, Siena, Lisa Cox, individually and as Special Administratrix of the Estate of Stephen L. Cox, and with respect to that certain Confession of Judgment entered into by the District Court, Clark County, Nevada, dated December 1, 2007, in favor of Technology In Practice, LLC against Kelly Communication. A complete description of the liabilities assumed is set forth in the Asset Purchase Agreement.

Additionally, in exchange for the acquired assets, Kelley II assigned and transferred to Siena all of the Kelley Shares.

The closing of the transaction is expected to occur on or about May 15, 2008, and is subject to the satisfaction of certain closing conditions, including but not limited to approval of the transaction by the holders of a majority of the issued and outstanding common stock of Siena. Upon effectiveness of the divestiture as contemplated by the Asset Purchase Agreement, the Company will have virtually no assets and may be deemed to be a shell company as deferred in Rule 12b-2 of the Exchange Act.

Revenue Recognition

Revenue recognition policies are in compliance with all applicable accounting regulations, including American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. Revenues from design, fabrication of racked equipment, project management and delivery generated by Kelley, and installations, cabling, are recognized using the percentage-of-completion method of accounting. Accordingly, income is recognized in the ratio that costs incurred bears to estimated total costs. Adjustments to cost estimates are made periodically, and losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined. The aggregate of costs incurred and income recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and income recognized is shown as a current liability.

Generally, The Company extends credit to its customers and does not require collateral. The Company performs ongoing credit evaluations of its customers and historic credit losses have been within management s expectations.

The Company estimates the likelihood of customer payment based principally on a customer s credit history and our general credit experience. To the extent the estimates differ materially from actual results, the timing and amount of revenues recognized or bad debt expense recorded may be materially misstated during a reporting period.

Accounts Receivable and Allowance for Doubtful Accounts

Siena maintains allowances for doubtful accounts, when appropriate, for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Siena s customers were to deteriorate, the actual losses may exceed estimates, and additional allowances would be required.

Goodwill

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 142, or SFAS 142, Goodwill and Other Intangible Assets. As required by SFAS 142, goodwill is subject to annual impairment tests, or earlier if indicators of potential impairment exist and suggest that the carrying value of goodwill may not be recoverable from estimated discounted future cash flows. Because Siena has one reporting segment under SFAS 142, Siena utilizes the entity-wide approach to assess goodwill for impairment and compare our market value to its net book value to determine if an impairment exists. These impairment tests have resulted in management s decision to record an impairment loss of approximately $7,344,216 as of December 31, 2007. Siena no longer carries any goodwill on the balance sheet due to the deteriorated business operations of Kelley.

Stock Based Compensation

Siena has historically accounted for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Compensation cost for stock options, if any, is measured as the excess of the fair value of our stock at the date of grant over the amount an employee must pay to acquire the stock. Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans.

In December 2004, the FASB issued SFAS No. 123 (Revised), Share-based Payment (SFAS 123(R)). SFAS 123(R) replaces SFAS 123 and supersedes APB 25. SFAS 123(R) is effective as of the beginning of the first interim period or annual reporting period that begins after December 15, 2005. SFAS 123(R) requires that the costs resulting from all share-based payments transactions be recognized in the financial statements. SFAS 123(R) applied to all awards granted after the required effective date and shall not apply to awards granted in periods before the required effective date, except if prior awards are modified, repurchased, or cancelled after the effective date.

Going Concern

Siena audited financial statements for the fiscal year ended December 31, 2007, reflect an accumulated deficit of ($40,734,405) and a net loss of ($8,404,478). These conditions raise substantial doubt about the Company s ability to continue as a going concern if the Company does not acquire sufficient additional funding or alternative sources of capital to meet working capital needs. Without such external funding, the Company would have to materially curtail our operations and plans for expansion.

Cash and Cash Equivalents

Siena considers all highly liquid debt instruments, purchased with an original maturity at date of purchase of three months or less, to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates market value.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, e.g. computers (5 years), software (3 years), office furniture and equipment (3 to7 years), and tenant improvements (life of the lease-approximately 60 months).

Inventory

Inventory consists of hardware, equipment and system networking materials that are primarily to be used for existing customer projects at years end. Siena generally does not buy or keep inventory on hand for stock. Inventories are stated at the lower of cost or market. Cost is determined by the average cost method. The Company has reviewed our inventory for obsolescence on a quarterly basis since operations began. The Company believes the inventory is fairly valued as of December 31, 2007.

Fair Value of Financial Instruments

Financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are carried at cost, which approximates their face value, due to the relatively short maturity of these instruments. As of December 31, 2007 and 2006, notes payable have stated borrowing rates that are consistent with those currently available to us and, accordingly, the Company believes the carrying value of these debt instruments approximates their fair value.

Accounting for Impairments in Long Lived Assets

Long-lived assets and identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. The Company periodically evaluates the carrying value and the economic useful life of our long-lived assets based on our operating performance and the expected future undiscounted cash flows and will adjust the carrying amount of assets which may not be recoverable. As of December 31, 2006, the Company reviewed its investment in Tuscany Broadband for a possible impairment of its assets. The Company determined an impairment loss existed, and recorded an impairment loss of $477,295 as of December 31, 2006

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions 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 revenue and expenses during the reporting period. Significant estimates made in preparing these financial statements include estimates that are required to be made in reporting revenue recognition (specifically, related to the estimated gross margins on long term construction contracts), the provision for the uncollectible accounts receivable, analysis of the value of goodwill, the issuance of derivative financial instruments such as convertible debt, stock options and warrants, the issuance of common stock for services, the deferred tax asset valuation allowance, and useful lives for depreciable and amortizable assets. Actual results could differ from those estimates.

Basic and Diluted Net Loss Per Share

Net loss per share is calculated in accordance with the Statement of Financial Accounting Standards No. 128 (SFAS No. 128), Earnings Per Share . Basic net loss per share is based upon the weighted average number of common shares outstanding. For all periods, all of common stock equivalents were excluded from the calculation of diluted loss per common share because they were anti-dilutive, due to our net losses.

The significant components of common stock equivalents are our convertible debentures and warrants, which have all been retired effective June 30, 2006, and issuance of stock options.

Stock options, which would have had an anti-dilutive effect on the net loss per common share once exercised, to purchase 1,742,500 and 3,685,000 shares of common stock remained outstanding as of December 31, 2007 and 2006, respectively. These stock options have various vesting periods between two and three years from the date of grant.

Convertible debentures, which can be exercised on any date subsequent to the issuance of the convertible debentures, would have an anti-dilutive effect on the net loss per common share once and if the holders elect to exchange the convertible debentures for shares of common stock. The number of common shares which could be exchanged for a full release of the obligation to repay the principal and interest balances associated with all convertible debentures will possibly be based in part on our price per common share as quoted on the OTC bulletin board on the date of conversion. Since management cannot determine the price per common share of its common stock in the future, management does not believe it can reasonably determine the number of common shares to be issued pursuant to an exchange of its convertible debentures for common shares. Therefore, management cannot accurately determine the number of common shares which could be exchanged by the Company that are related to the convertible debentures as of December 31, 2006. Effective June 30, 2006, all convertible debentures were retired.

Warrants, which would have an anti-dilutive effect on the net loss per common share once exercised, to purchase 23,942,145 and 16,710,895 shares of common stock remained outstanding as of December 31, 2007 and 2006, respectively, at strike prices that vary from $0.01 to $0.79 and $0.01 to $0.88 per share, respectively.

Certain debts which were restructured by the Company during 2007 and 2006, remained outstanding as of December 31, 2007 and 2006, respectively. These debts carry certain provisions allowing for the lenders, namely Dutchess, to void the restructuring transactions in the event of default by the Company. In the event of default and the removal of the restructured terms of the debts, the debts would become convertible at the lender's option at any time, at a conversion price which would be approximately 75% of the fair market value of the Company's common stock. The Company currently estimates the shares these debts would potentially be convertible into would be approximately 731,000,000 shares of the Company's common stock using the fair market value of the Company's common stock as of December 31, 2007. There are other restrictions within the terms of the agreements with these lenders which might limit the amount of shares the debts were convertible into, in this scenario, but the Company cannot be sure those terms would limit a conversion into a significant number of shares of the Company's common stock.

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2007 AS COMPARED TO TWELVE MONTH PERIOD ENDED DECEMBER 31, 2006.

NET REVENUES

Net revenues for the year ended December 31, 2007 were $7,327,845 compared to $18,758,496 for the year ended December 31, 2006. The decrease by approximately 61% in revenues for this year when compared to last year is due to the conclusion of Station Casino s Red Rock project which was only partially offset by initial work on the Station Casino s Aliente project in 2007, difficult commercial market conditions in the company s primary market (Las Vegas, Nevada) leading to cancellations and postponements of key projects, and cash constraints leading to difficulty securing necessary product from suppliers. Finally, given these cash constraints and the deteriorating commercial construction market in 2007, Siena s sales effort was not expanded.

COST OF REVENUES

Cost of revenues for the year ended December 31, 2007 were $5,554,113 compared to $14,684,296 for the year ended December 31, 2006. The decrease by 62% in the cost of goods sold for this period when compared to the same period in 2006 is essentially in line with the overall reduction in the company s revenues.

GROSS PROFITS

Gross profits for the year ended December 31, 2007 were $1,773,732 or 24% compared to $4,074,200 or 21.7% for the year ended December 31, 2006. The increase in gross margin is attributable to management s decision in the first half of 2007 to focus on improved contract pricing, negotiated more favorable vendor terms, and enhanced efficiencies in operating procedures related to servicing and delivering on customer contracts. However, given the downturn in the commercial construction market during the second half of 2007, as well as company cash constraint and payment difficulties, the company was unable to continue receiving the best price terms with its suppliers and therefore witnessed gross margin decline to 12% of revenues during the final quarter of the year.

OPERATING EXPENSES

Operating expenses for the year ended December 31, 2007 were $5,034,943 compared to $5,020,936 for the year ended December 31, 2006. Operations in 2007 were comparable with 2006. However, salaries increased $296,122 due to severance costs incurred upon the departure of the company s former CEO and CFO.

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OTHER INCOME (EXPENSE)

Other income (expense) for the year ended December 31, 2007 was $(5,143,267) compared to $1,018,411 for the year ended December 31, 2006. The increase in other expenses in 2007 is primarily due to impairment of goodwill related to the Kelley acquisition in 2005 in the amount of $7,344,216 for the year ended December 31, 2007, compared to $0 for the year ended December 31, 2006, gain on debt restructuring of $1,229,954 for the year ended December 31, 2007 compared to $0 for the year ended December 31, 2006. The remainder of the change in other income is primarily due to a decrease in interest expense from $3,114,725 for the twelve months ended December 31, 2006 to $580,654 for the twelve months ended December 31, 2007, which was a result of the debt restructurings that were completed in the second and fourth quarters of 2006. The decrease in interest expense was partially offset by gain on the change in fair value of derivative liabilities of $2,894,166 for the twelve months ended December 31, 2007, compared to $4,262,043 for the twelve months ended December 31, 2006, primarily as a result of a continued decrease in the price of our common stock, a net loss on the disposition of assets of $45,113.

NET (LOSS) INCOME

Net loss for the year ended December 31, 2007 was ($8,404,478) compared to ($589,818) for the year ended December 31, 2006. The increase in net loss is attributable to a substantial decrease in revenues and gross profits from $18,758,496 and $4,074,200, respectively, for the year ended December 31, 2006 to $7,327,845 and $1,773,732 respectively for the year ended December 31, 2007, coupled with a $264,532 increase in operating expenses and a significant increase in other expenses of $6,161,678 related predominately to goodwill impairment related to the Kelley subsidiary.

BASIC AND DILUTED LOSS PER SHARE

Our basic and diluted loss for the year ended December 31, 2007 was ($0.20) compared to ($0.01) for the year ended December 31, 2006, as restated due to an increase in our net loss, as described above, coupled with an increase in our weighted average shares outstanding to 41,599,576 for the year ended December 31, 2007 from 40,211,064 for the year ended December 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2007, our Current Assets were $2,678,733 and Current Liabilities were $4,092,467. Cash and cash equivalents were $377,794. Our total Stockholders Deficit at December 31, 2007 was ($11,086,542). The Company had a net usage of cash from operating activities for the years ended December 31, 2007 and 2006 of ($2,813,278) and ($1,703,781) respectively. The Company had proceeds and usage of cash from investing activities for the years ended December 31, 2007 and 2006, of $761,972 and ($1,067,853), respectively. The Company had net cash provided by financing activities of $2,363,505 and $3,330,514 for the years ended December 31, 2007 and 2006, respectively.

FINANCING ACTIVITIES

On October 24, 2007, May 29, 2007, June 19, 2007, June 25, 2007 and July 2, 2007, Siena entered into factoring and security agreements to sell, transfer and assign certain accounts receivable to Dutchess in the amounts of $275,000, $725,000, $214,000, $483,000 and $215,000, respectively. Dutchess is able to, in its sole discretion, purchase any specific account. All accounts receivable are sold with recourse. All assets including accounts receivable, inventories, equipment and promissory notes are pledged as collateral under these agreements. The difference between the face amount of each purchased account and the amount advanced on the purchased account is reserved and released after deductions for discounts and charge backs. In addition, Dutchess charged finance fees in connection with these transactions. The Company incurred financing fees of $15,000 in connection with each of the factoring transactions with Dutchess in 2007. As of December 31, 2007, the Company had satisfied all payments due to Dutchess as a result of these transactions.

On July 17, 2007, Siena and Kelley entered into an Agreement with Dutchess providing for additional funding from Dutchess in the amount of $2,000,000, which shall be added to the outstanding principal amount of the Note and modified to reflect all appropriate increases in the Company s monthly payments to Dutchess. The balance on the Note subsequent to this additional financing totaled $8,384,726, due January 1, 2012, and bears interest at a rate of seven percent (7%) per annum and is secured by all the assets of the Company. In addition, as an incentive to enter into this transaction, Dutchess was issued a five year warrant to purchase 3,000,000 shares of the Company s common stock at four cents ($0.04) per share. The warrant agreement provides for certain anti-dilution provisions and cashless exercise in the event that the Company does not have an effective registration statement covering the shares of common stock underlying the warrant agreement on or before one year from the date of issuance of the aforementioned warrant. The Company also entered into a Negative Pledge, providing that the Company will not grant, any lien, charge, security interest, hypothec, mortgage or encumbrance of any nature or kind over any of the property stated in the Amended Security Agreement. In connection with the Agreement, the Company paid Dutchess closing costs of $50,000.

On July 11, 2007, Siena issued Dutchess a promissory note in the face amount of $190,000 for gross proceeds of $180,000. The promissory note is non-interest bearing and matures on July 25, 2007. The Company is required to repay the promissory note from the proceeds of a proposed subsequent financing with Dutchess of approximately $2 million, which was eventually completed on July 17, 2007. In connection with the promissory note, the Company incurred closing costs of $5,000.

On March 2, 2007, the Company refinanced the B of N Note and entered into a note payable agreement with Bank of Nevada in the amount of $1,090,807, carrying interest at a fixed rate of 7.5%. Principal and interest payments of $29,098 per month are payable through September 20, 2010.

On January 23, 2007, Siena issued 7,231,250 shares of common stock and issued 7,231,250 warrants to purchase our common stock at an exercise price of $.50 per share, in a private placement, generating $1,157,000 in gross proceeds. Siena paid a total of $35,000 in commissions in connection with this private placement to the licensed broker dealer, on the monies he was responsible for raising.

During the year ended December 31, 2006, Siena entered into a capital lease obligation for warehouse equipment in the approximate amount of $25,000 with a five year term and interest rate of 6.6% per annum. The Company is obligated to make principal and interest payments in the approximate amount of $6,000 per annum for the life of the lease.

Upon the acquisition of Kelley, Siena entered into a note payable agreement with Bank of Nevada (B of N Note) dated September 20, 2005 and carrying interest at a fixed rate of 7.50%. Principal and interest payments of $32,672 per month are payable through September 20, 2008. The balance of $0 and $640,807 remained outstanding as of December 31, 2007 and 2006, respectively.

Upon the acquisition of Kelley, the Company assumed $492,856 in various notes payable to Michael Kelley, the former sole shareholder of Kelley Communications Company. The notes payable carried interest at a fixed rate of 5.00%. These notes payable were refinanced on October 7, 2005 with a $492,856 note payable carrying interest at 6.00% and requiring 24 monthly payments of $17,412 in principal and interest through September 2007. The balance of $533,609 and $152,816, remained outstanding as of December 31, 2007 and 2006, respectivrely, all of which was current. The Company has defaulted on the October 7, 2005 note payable. Michael Kelley is a significant shareholder of the Company and has waived all default terms under the October 7, 2005 note payable. The Company currently considers the debts owed to Michael Kelley as unsecured debt carrying an interest rate of 6.00%. Repayment terms are unscheduled.

Upon the acquisition of Kelley, Siena assumed three notes payable to banks, secured by five automobiles, which bear interest at fixed rates of 6.25% per annum on one note and 5.75% per annum on the other two notes. Monthly principal and interest payments of $1,769 are payable through March 7, 2008 and $740 through May 2009. The balance of $34,780 remained outstanding as of December 31, 2006. The balance of $8,218 and $16,300 remained outstandin