

TABLE TRAC INC  
Form 10QSB/A  
April 13, 2004

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**Form 10-QSB**

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

For the quarterly period ended March 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

Commission File Number 0-28383

**Table Trac, Inc.**

(Exact name of small business issuer as specified in its charter)

Nevada - - - - - 88-0336568  
(State or other jurisdiction of Incorporation or organization) -- -- (IRS Employer Identification No.)

15612 Highway 7, STE 250  
Minnesota 55345  
(Address of principal executive offices)

(952) 548-8877  
(Registrant's telephone number, including area code)

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  No

Securities registered pursuant to Section 12(b) of the Act:  
3,619,034 Shares Of Common Stock

Securities registered pursuant to Section 12(g) of the Act:  
None

Table Trac, Inc.

**I N D E X**

**PART I. FINANCIAL INFORMATION**

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**Part I. FINANCIAL INFORMATION**

**Item I. FINANCIAL STATEMENTS**

Table Trac, Inc.  
**Balance Sheet**  
(Unaudited)

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		<u>Mar 31, '04</u>	<u>Dec 31, '03</u>
<b>ASSETS</b>			
	Current Assets		
	Total Checking/Savings	\$40,103	\$ 16,594
	Total Accounts Receivable	72,536	5,034
	Prepaid expenses	<u>2,400</u>	2,400
	Total Current Assets	<b><u>115,039</u></b>	<b><u>\$24,028</u></b>
	Total Other Assets	<u>17,203</u>	<u>18,933</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 132,242</u></b>	<b><u>\$42,961</u></b>
<b>LIABILITIES &amp; EQUITY</b>			
	Liabilities		
	Current Liabilities		
	Total Accounts Payable	5,392	3,868
	Accrued payroll and related	6,127	3,843
	Deferred revenue	<u>0</u>	<u>88,583</u>
	Total Current Liabilities	<u>11,519</u>	<u>96,294</u>
	Total Liabilities	<b><u>\$11,519</u></b>	<b><u>\$96,294</u></b>
	Equity		
	Capital Stock	1,302,302	1,302,302
	Retained deficit	(1,355,636)	(1,355,635)
	Net Income	<u>174,057</u>	<u>(220,570)</u>
	Total Equity	<b><u>\$120,723</u></b>	<b><u>\$(53,333)</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b><u>\$ 132,242</u></b>	<b><u>\$ 42,961</u></b>

Table Trac, Inc.  
**Statements Of Operations**  
(Unaudited)

		Three Months Ending	
		<u>Jan - Mar '04</u>	<u>Jan - Mar '03</u>
<b>Ordinary Income/Expense</b>			
	Total Income	274,391	43,307
	Total COGS	<u>18,885</u>	<u>853</u>

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	Gross Profit	<u>255,506</u>	<u>\$42,454</u>
	Total Operating Expense	<u>81,449</u>	<u>42,796</u>
Net Ordinary Income		<u>174,057</u>	<u>\$(-342)</u>
Other Income/Expense			
	Interest Income	0	<u>58</u>
Net Income Before Taxes		<u>174,057</u>	<u>\$(-286)</u>
Income Taxes		0	-0-
Net Income (Loss)		<u>\$ 174,057</u>	<u>\$(-286)</u>
Income (Loss) per Share		<u>\$ 0.0454</u>	<u>\$ (0.000)</u>
Weighted Average Outstanding Shares		<u>3,831,534</u>	<u>3,619,034</u>
Income/(Loss) Per Common Share Assuming Dilution		<u>\$ 0.0423</u>	<u>\$ (0.000)</u>
Weighted Average Diluted Outstanding Shares		<u>4,112,377</u>	<u>3,619,034</u>

Table Trac, Inc.  
**Statements of Cash Flows**  
(Unaudited)

		Jan - Mar '04	Jan - Mar '03
<b>OPERATING ACTIVITIES</b>			
	Net Income	174,057	(-286)
	Adjustments to reconcile Net Income to net cash provided by operations:		
	Accounts receivable	(67,502)	(8,324)
	Inventory	1,389	(4)
	Loans to shareholders	0	1,000
	Accounts payable	1,524	3,049
	Deferred revenue	(88,583)	-0-
	Payroll liabilities	2,283	(4,092)
	Patents amortization	<u>341</u>	<u>341</u>
Net cash provided by Operating Activities		<u>(150,598)</u>	<u>\$(3,236)</u>
	Net cash increase for period	<u>\$23,509</u>	<u>\$(2,895)</u>

	Cash at beginning of period		16,594	5,720
Cash at end of period			<b>\$40,103</b>	<b>\$2,825</b>

Table Trac, Inc.  
SELECTED NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1. Condensed Financial Statements:

The condensed balance sheet as of March 31, 2004, the statement of operations and cash flows for the periods ended March 31, 2004 and 2003 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include normal recurring adjustments and adjustments to revenues for compliance with the company's revenue recognition policy) necessary to present fairly the financial position, results of operations and changes in cash flows at March 31, 2004 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2003 audited financial statements filed on form 10-KSB. The results of operations for the period ended March 31, 2004 are not necessarily indicative of the operating results for the full year.

Note 2. Revenue Recognition:

The Company derives revenues from the sale of systems, license and maintenance and services.

System sales: Revenue from systems that have been demonstrated to meet customer specifications during installation is recognized when the product has been installed, title and risk of loss have transferred to the customer and collection of the resulting receivable is probable.

System sales are accounted for as multiple-element arrangements. In transactions that include multiple products and/or services, the Company allocates the revenue to each element based on their relative fair value (or in the absence of fair value, the residual method) and recognizes the associated revenue when all revenue recognition criteria have been met for each element.

License and maintenance revenue: Software and maintenance revenue are recognized ratably over the contract period.

Service revenue: Service revenue is recognized after the services are performed and collection of the resulting receivable is probable.

Note 3. Customer Concentration: Seven customers comprised 95% of the Company's revenues from installation and licensing fees from the installation of the Company's Table Trac(TM) system through March 2004.

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

Business Overview:

Table Trac, Inc.'s patented real-time management system product automates and monitors the operations of casino table games (blackjack, craps, etc.) The Table Trac(TM) system (patent number 5,957,776) is available for an

installation and monthly license fee from the Company. The system is operating in 7 Midwest casinos. The Company's primary mission is to provide a high level of support for its customers systems in the field. Continued efforts to expand the Company's sales through marketing are ongoing. Development to expand the products offered, and expand the functionality of existing products have been ongoing. Management believes that revenues from those research and development efforts on new product offerings will be realized before the end of 2004.

Results of Operations:

Revenues in the quarter ended March 31 increased to \$274,391 in 2004 from \$42,307 in 2003. There were 4 system installations and increased license and maintenance fees accounted for the increase. The most significant portion, \$209,931 was from the addition of 2 new casino customers and systems sales with existing customers purchasing upgrades to the latest product. Cost of sales in the quarter ended March 31 increased in 2004 to \$18,885 from \$853 in 2003 as a result of increased hardware costs to provide the new systems in 2004. Operating expenses in the quarter ended March 31 increased in 2004, to \$81,449 from \$42,796. The major changes were increased payroll, employee benefit and sales expenses in 2004 compared to 2003. The result was that there was a profit of \$174,057 in the first quarter 2004 compared to a net loss of (\$286) in the first quarter 2003. The net gain per share was \$0.0454 in the first quarter 2004, with a net diluted gain per share of \$0.423 compared to a net loss per share of \$0.0000 in the first quarter 2003.

Liquidity and Capital Resources:

There are no known trends, events or uncertainties that are likely to have a material impact on the short or long-term liquidity. The primary source of liquidity in both the short term and the long term will be sales. Management has been able to manage its expenses and cash flows for the swings in cash flows the Company has experienced so that monthly obligations are met by revenues from existing contracts. Management believes that the Company has adequate cash to meet its obligations and continue operations for both existing customer contracts and ongoing product development.

Safe Harbor:

The Private Securities Litigation Reform Act of 1995 provides "safe harbor" for forward-looking statements. Certain information included in this Form 10-QSB and other materials filed or to be filed by the Company with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Company) contain statements that are forward-looking, such as statements relating to plans for sales and marketing, liquidity, and other business activities and developments. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. These risks and uncertainties include, but are not limited to, dependence on a limited number of customers, general economic conditions, or changes in federal or state laws or regulations.

## **PART II. OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

None.

### **ITEM 3. CONTROLS AND PROCEDURES**

The President and Chief Executive Officer and of the Company have concluded based on their evaluation as of the period covered by this Report, that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities

and Exchange Commission's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the president, as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in the Company's internal controls or, to our knowledge, in other factors that could significantly affect these internal controls subsequent to the date of such evaluation.

ITEM 6. Exhibits and Reports on Form 8-K

One report on Form 8-K was filed during the three months ended March 31, 2004, which documents the engagement of Carver Moquist & Assoc as the company's auditors.

**SIGNATURE**

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

Table Trac, Inc.  
Date April 12, 2004  
By: /s/ Chad Hoehne  
President CEO

**CERTIFICATIONS**

I, Chad Hoehne, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Table Trac, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have: a) designed such disclosure controls and procedures 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 quarterly report is being prepared; b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions): a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 12, 2004

Signed: /s/Chad Hoehne

Name Chad Hoehne

Title: Chief Executive Officer and principal financial officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 I, Chad Hoehne, the Chief Executive Officer and principal financial officer of Table Trac, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Quarterly Report on Form 10-QSB for the period ended March 31, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 12,2004

Signed: /s/Chad Hoehne

Name Chad Hoehne

Title: Chief Executive Officer and principal financial officer