

TABLE TRAC INC
Form 10QSB
October 31, 2003

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 September 30, 2003

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.)

4625 County Rd 101,
Suite 202 Minnetonka,
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

3,619,034 Shares Of Common Stock were outstanding as of September 30, 2003

Table Trac, Inc.

I N D E X

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Balance Sheets as of September 30, 2003 and December 31, 2002

Statements of Operations for the three months
and 9 months ended September 30, 2003 and 2002

Statements of Cash Flows for the nine
months ended September 30, 2003 and 2002

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Part I. FINANCIAL INFORMATION

Item I. FINANCIAL STATEMENTS

Table Trac, Inc.
(A Development Stage Company)
Balance Sheet
(Unaudited)

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		<u>September</u> <u>30, '03</u>	<u>Dec 31, '02</u>
ASSETS			
	Current Assets		
	Total Checking/Savings	1,208	139
	Certificates of deposit	5,795	5,637
	Total Accounts Receivable	17,413	9,966
	Total Other Current Assets	<u>678</u>	<u>1,674</u>
	Total Current Assets	<u>\$25,094</u>	<u>\$17,416</u>
	Total Fixed Assets	<u>0</u>	<u>0</u>
	Total Other Assets	<u>18,080</u>	<u>19,103</u>
TOTAL ASSETS		<u>\$43,174</u>	<u>\$36,519</u>
LIABILITIES & EQUITY			
	Liabilities		
	Current Liabilities		
	Total Accounts Payable	5,802	5,773
	Total Other Current Liabilities	13,802	7,625
	Total Current Liabilities	<u>19,604</u>	<u>13,398</u>
	Long Term Liabilities		
	Convertible Notes Payable	12,000	-0-
	Total Long Term Liabilities	<u>\$12,000</u>	<u>-0-</u>
	Total Liabilities	<u>\$31,604</u>	<u>\$13,398</u>
	Equity		
	Capital Stock	1,278,718	1,278,718
	Preferred A Stock	3,320	3,320
	Retained Earnings	(1,258,917)	(1,038,347)
	Net Income (Loss)	<u>(11,551)</u>	<u>(220,570)</u>
	Total Equity	<u>\$11,570</u>	<u>\$23,121</u>
TOTAL LIABILITIES & EQUITY		<u>\$43,174</u>	<u>\$36,519</u>

Table Trac, Inc.
(A Development Stage Company)
Statements Of Operations
(Unaudited)

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	Three Months Ending		Nine Months Ending	
	<u>Sept 30</u> <u>'03</u>	<u>Sept 30</u> <u>'02</u>	<u>Sept 30</u> <u>'03</u>	<u>Sept 30</u> <u>'02</u>
Ordinary Income/Expense				
Total Income	37,962	117,276	119,039	274,027
Total COGS	<u>-0-</u>	<u>19,573</u>	<u>853</u>	<u>35,407</u>
Gross Profit	<u>\$37,962</u>	<u>\$97,703</u>	<u>\$118,186</u>	<u>\$238,620</u>
Total Operating Expense	<u>43,617</u>	<u>129,805</u>	<u>129,896</u>	<u>341,140</u>
Net Ordinary Income	<u>\$(5,655)</u>	<u>\$(32,102)</u>	<u>\$(11,711)</u>	<u>\$(102,520)</u>
Other Income/Expense				
Interest Income	<u>14</u>	<u>285</u>	<u>146</u>	<u>1,916</u>
Net Income Before Taxes	<u>\$(5,641)</u>	<u>\$(31,817)</u>	<u>\$(11,551)</u>	<u>\$(100,604)</u>
Income Taxes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Income (Loss)	<u>\$(5,641)</u>	<u>\$(31,817)</u>	<u>\$(11,551)</u>	<u>\$(100,604)</u>
Income (Loss) per Share	<u>(0.0015)</u>	<u>(0.0088)</u>	<u>(0.0032)</u>	<u>(0.0297)</u>
Income/(Loss) Per Common Share Assuming Dilution	<u>(0.0015)</u>	<u>(0.0088)</u>	<u>(0.0032)</u>	<u>(0.0297)</u>
Weighted Average Outstanding Shares	<u>3,619,034</u>	<u>3,596,425</u>	<u>3,619,034</u>	<u>3,596,425</u>

Table Trac, Inc.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

			<u>9 Months</u> <u>Ended</u> <u>Sept 30</u> <u>'03</u>	<u>9 Months</u> <u>Ended</u> <u>Sept 30</u> <u>'02</u>
OPERATING ACTIVITIES				
	Net Income		\$(11,551)	(100,604)

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	Adjustments to reconcile Net Income to net cash provided by operations:			
		Accounts Receivable	(7,447)	(44,046)
		Inventory	(4)	7,871
		Loans To Shareholders	1,000	3,859
		Prepaid Expenses	55	180
		Accounts Payable	29	7,455
		Payroll Liabilities	6,178	2,618
		Patents:Amoritzation	1,023	1,023
Net cash provided by Operating Activities			<u>\$(9,321)</u>	<u>\$(121,644)</u>
FINANCING ACTIVITIES				
	Net cash proided by Financing Act.		12,000	-0-
	Net cash increase for period		<u>\$1,283</u>	<u>\$(121,644)</u>
	Cash at beginning of period		5,720	160,037
Cash at end of period			<u>\$7,003</u>	<u>\$38,493</u>

Table Trac, Inc.
(A Development Stage Company)
SELECTED NOTES TO FINANCIAL STATEMENTS
June 30, 2003

Note 1. Condensed Financial Statements:

The condensed balance sheet as of Sept 30, 2003, the statement of operations for the periods ended Sept, 2003 and 2002, and the condensed statement of cash flows for the periods then ended have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows at Sept 30, 2003 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, 2002 audited financial statements. The results of operations for the period ended Sept 30, 2003 are not necessarily indicative of the operating results for the full year.

Note 2. Revenue Recognition: Revenues are recorded at the time of shipment of products or performance of services. Monthly license fees are recorded over the lives of the respective contracts or as earned.

Note 3. Customer Concentration: Five major 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 Sept 30 2003.

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

Business Overview:

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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 5 midwest casinos. With the system developed, site tested and commercial viability established, the Company has turned its focus to sales and marketing as wells as development of complimentary products such as Self Service Kiosks.

Results of Operations:

Revenues in the quarter ended September 30, 2003 of \$37,962 are lower than the \$117,276 posted in 2002. Although license and maintenance fees increased in 2003, a system sale in 2002 accounts for the difference. All of the Company's revenues from installation and licensing fees from the installation of the Company's Table Trac(TM) system were from seven customers through September 2003. Costs of sales in the quarter ended September 30 decreased in 2003 to \$-0- from \$19,573 in 2002 as none of the 2003 revenues were the result of hardware sales. Operating expenses in the quarter ended September 30 substantially reduced in 2003, to \$43,617 from \$129,805 in 2002. The major changes were decreased payroll and decreased employee benefit expenses in 2003 compared to 2002. The result was that there was a net loss of (\$-5,641) in the third quarter 2003 compared to a net loss of \$(31,817) in the third quarter 2002. The net loss per share was \$(-0.0015) in the third quarter 2003 compared to a net loss per share of \$0.0088 in the third quarter 2002.

Liquidity and Capital Resources:

In the second quarter the Company recieved a bridge loan of \$12,000 from Emergent Financial which will convert to stock at not less than \$0.08. The company presently has no plans to offer furhter notes or other securities. The Company's current operations are supported using the monies provided from current contracts. The Company continues to pursue opportunities for additional installations, but there can be no assurances that the Company will be successful in its efforts.

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

The Company is aware of no legal proceeding that is pending or threatened to which the Company is a party or of which its property is subject.

Item 6. Exhibits and Reports on Form 8-K (b): NONE.

SIGNATURE

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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 October 21, 2003
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: October 21, 2003

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

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period ended September 30, 2003 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: Oct 21, 2003

Signed: /s/Chad Hoehne

Name Chad Hoehne

Title: Chief Executive Officer and principal financial officer