

TABLE TRAC INC  
Form 10-K  
March 29, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2011

Commission File No. 0-28383

TABLE TRAC, INC.

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of Incorporation or  
Organization)

88-0336568  
(IRS Employer  
Identification No.)

6101 Baker Road, Suite 206, Minnetonka, Minnesota  
(Address of principal executive office)

55345  
(Zip Code)

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

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

None

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

**Common Stock, par value \$0.001**

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for a shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2011 was approximately \$2.97 million based on the closing sales price of the registrant's common stock on that date (\$1.00 per share). As of March 29, 2012, the Company had outstanding 4,704,305 shares of common stock, \$0.001 par value.

**DOCUMENTS INCORPORATED IN PART BY REFERENCE**

None.

Table Trac, Inc.  
Table of Contents

	Page
PART I.	
Item 1. Business	1
Item 1A. Risk Factors	3
Item 2. Properties	8
Item 3. Legal Proceedings	8
Item 4. Mine Safety Disclosures	8
PART II.	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	8
Item 6. Selected Financial Data	10
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation	10
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	14
Item 8. Financial Statements and Supplementary Data	15
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	30
Item 9A. Controls and Procedures	30
Item 9B. Other Information	31
PART III.	
Item 10. Directors, Officers and Corporate Governance	32
Item 11. Executive Compensation	37
Item 12. Security Ownership of Certain Beneficial Owners and Management	38
Item 13. Certain Relationships and Related Transactions and Director Independence	39
Item 14. Principal Accountant Fees and Services	40
PART IV.	
Item 15. Exhibits and Financial Statement Schedules	41
SIGNATURES	42

## **PART I**

### **Item 1.**

### **Business.**

#### **GENERAL**

Table Trac, Inc. (the “Company” or “Table Trac”) is a Nevada corporation, formed on June 27, 1995, with principal offices in Minnetonka, Minnesota.

The Company has developed and patented (U.S. patent # 5,957,776) a proprietary information and management system (called our “Table Trac” system) that automates and monitors the operations of casino table games. In addition to table games management, Table Trac has been adding functionality to related casino system modules for guest rewards and loyalty club, marketing analysis, guest service, promotions administration/management, vault/cage management and audit/accounting tasks. Aggregated together, all of these modules have become the “Casino Trac” product, a full featured Casino Management System (CMS) offering what we believe to be a powerful combination of value, efficiency and reliability for casinos seeking to add or upgrade their casino systems.

The Company sells systems and technical support to casinos. The open-architecture of the Table Trac system is designed to provide operators with a scalable and flexible system that can interconnect and operate with any third-party software or hardware. Key products and services include modules designed to drive player tracking programs and kiosk promotions, as well as vault and cage controls. The Company’s systems meet the strictest auditing, accounting and regulatory requirements. The Company has developed a patented, real-time system that automates and monitors the operations of casino gaming tables.

The Company continues to increase its market share by expanding its product offerings to include new system features and working to open new gaming markets for its products. The Company has increased its sales and marketing efforts along with its trade show and conference presence.

#### **TABLE TRAC INSTALLATIONS**

Table Trac currently has casino management systems installed with on-going support and maintenance contracts at thirty-five casinos worldwide in the U.S., Caribbean, Central and South America.

## **AVAILABILITY OF TABLE TRAC**

Table Trac systems are available for purchase from the Company by any legal gambling casino in the U.S. and most legal casinos operating outside the U.S. Systems are purchased, installed and sold with a monthly license and maintenance contract whereby Table Trac performs required maintenance on its systems to assure trouble-free operations.

## **MANUFACTURING CAPABILITIES**

The Company designs and manufactures its own Table Trac table game units and slot machine gaming machine interface boards using the services of third-party electronics assembly firms. The Company has relationships with a host of third-party electronic and gaming equipment manufacturers that can be readily available for hire, as needed.

## **TRADEMARKS AND PATENTS**

The Company filed for its provisional patent application in August 1995, and filed for its final application in August 1996. This application was approved and issued on September 28, 2000, as patent number 5,957,776.

The Company filed to register its trademark ("TABLE TRAC") in September 1996. The trademark was issued on September 7, 2000, as trademark number 2,275,137. A re-application for this mark has been filed.

## **EMPLOYEES**

As of December 31, 2011, the Company had 16 full-time equivalents with an employee headcount of 17, and engaged the full-time services of approximately 3 contract specialists during the course of the year.

## **BUSINESS SEGMENTS**

The Company operates as one reporting segment.

## **RECENT DEVELOPMENTS**

In 2011, Table Trac completed its development efforts on several strategic initiatives, including the completion of its latest Table Games Management System, the TTRac2 Pit Management System and the completion of its latest Casino Management System (v4). The Company began rolling out these new products to new and existing customers.

The Company signed four new customers in 2011 representing five casino management system sales at eight facilities, and expanded the Company's presence into two new jurisdictions, Nevada and Curacao in the Netherland Antilles in the Caribbean. Since 2010, the Company has installed casino management system in fifteen casinos worldwide, bringing the number of casinos using the Company's casino management system and TableTrac™ table games management system to thirty-seven.

In 2011, the Company hired its first, full-time Chief Financial Officer, Brian Hinchley, and elevated Glenn Goulet from Executive Vice President to Chief Executive Officer. Chad Hoehne the Company's founder and President retained the titles of President and Chief Technology Officer.

At its annual shareholder meeting in June 2011, two new independent board members were elected, Louis Fornetti and Gary Loebig. The Board elected Steven A. Browne chairman. Starting with the second quarter in 2011, the Company began holding quarterly investor conference calls to update shareholders on the Company and its activities.

In September 2011, the Company announced a distribution agreement with Tipping Point Gaming, LLC for the PlayItVision™ system, a universal picture-in-picture style marketing and media delivery platform right at the point of play. PlayItVision provides players and operators with a menu of information, service and promotional options right at the point of play through the gaming machine video. When players insert their players club card into the machine, a player-user-interface, customized to meet the casinos' needs appears on the main game screen where operators can enhance the players club experience, provide unique bonus features, accept additional wagers from other gaming systems and ultimately enhance player loyalty and operator profits.

In December 2011, Table Trac submitted its latest CasinoTrac casino management system to an independent gaming laboratory, Gaming Laboratories International, Inc. for industry standards testing.

During 2011, the Company participated in several key industry trade shows and conferences, including the Caribbean Gaming Show, the National Indian Gaming Association Trade Show and Conference, G2E Asia, CasinoFest, the Oklahoma Indian Gaming Association Trade Show and Conference, Raving's Casino Marketing Conference and the Global Gaming Expo (G2E), the industry's premier event.

In the first quarter of 2012, the Company participated in the ICE Totally Gaming Show, the 14<sup>th</sup> Indian Gaming Marketing Conference and the California Nations Indian Gaming Association Conference. Also, in the first quarter the Company signed a dealer agreement with CountR, a worldwide company specializing in cash handling and coinless gaming kiosks for the gaming industry. The distribution agreement allows for Table Trac to represent CountR's cash handling kiosk product lines in several gaming jurisdictions in the U.S., Central and South America. The agreement also allows for Table Trac to represent CountR's latest gaming innovation, the TiTa, a micro ticket redemption machine for casino table games.



In the first quarter of 2012, the Company installed casino management systems at two casinos in the U.S. and Caribbean, the Moapa Band of Paiute Indians outside of Las Vegas, Nevada and the Coral Casino Bonaire on the island of Bonaire in the Dutch Caribbean, respectively.

**Item 1A.**

**Risk Factors.**

*The Company's business is subject to unpredictable order flows, which might cause its results to fluctuate significantly from period to period.*

Individual system sales can have a long sales cycle, resulting in unpredictable revenue from such sales. Other revenue is derived from expansion opportunities at existing customer facilities and, although existing customers have in the past engaged us to provide expanded services and systems, there is no contractual agreement to provide us with any minimum volume or the ability to expand our services and systems. For these reasons, the Company can experience unpredictable order flows for system expansions.

*We are dependent on our intellectual property and we may be unable to protect our intellectual property from infringement, misappropriation, or claims of infringement or invalidity.*

The gaming industry and the software industry are in general characterized by the use of various forms of intellectual property. We are dependent upon patented technologies, trademarked brands and proprietary information for our business. We endeavor to protect our intellectual property rights and our products through a combination of patent, trademark, trade dress, copyright and trade secret laws, as well as licensing agreements and third-party nondisclosure and assignment agreements. We cannot, however, be certain that any trademark, copyright, issued patent or other types of intellectual property will provide competitive advantages for us. Furthermore, we cannot be certain that our efforts to protect our intellectual property rights or products will be successful.

*Our existing patents may be found invalid or unenforceable and any current or future patent applications may not be approved.*

We have patents and trademarks and we utilize patent protection in the United States relating to certain processes and products. We cannot assure you that all of our existing patents would be found valid or enforceable or will continue to be valid or enforceable, or that any pending patent applications will be approved. Our competitors may in the future challenge the validity or enforceability of certain of our patents. The patents we own could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Competitors may infringe our patents and we may not have adequate resources or there may

be other reasons we do not enforce our patents. Our patents may not adequately cover a competitor's products. The future interpretation by courts of United States laws regarding the validity of patents could negatively affect the validity or enforceability of our current or future patents.

***Our efforts to protect our unpatented proprietary technology may not be successful.***

We rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. We cannot assure you that these agreements are fully enforceable or will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, it could have a material adverse effect on our business.

***We may not be able to establish or maintain our trademarks.***

We rely on our trademarks, trade names, trade dress, copyrights and brand names to distinguish our products from the products of our competitors. We have registered or applied to register many of these trademarks. Our trademarks may not remain valid or enforceable. We may not be able to build and maintain goodwill in our trademarks or other intellectual property. Third parties may oppose our trademark applications or challenge our use of the trademarks. Our trademarks may become so well known by the public that their use becomes generic and they lose trademark protection. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources towards advertising and marketing new brands. Further, our competitors may infringe our trademarks or other intellectual property and we may not have adequate resources or there may be other reasons we do not enforce our trademarks or other types of intellectual property.

***We may not be able to adequately protect our foreign intellectual property rights.***

Because of the differences in foreign patent, trademark, trade dress, copyright and other laws concerning proprietary rights, our intellectual property frequently does not receive the same degree of protection in foreign countries as it would in the United States. Our failure to possess, obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition.

***The intellectual property rights of others may limit our ability to make and sell our products.***

The gaming industry is characterized by the rapid development of new technology, which requires us to continuously introduce new products using these technologies and innovations, as well as to expand into new markets that may be created. Therefore, our success depends in part on our ability to continually adapt our products and systems to incorporate new technologies and to expand into markets that may be created by new technologies. However, to the extent technologies are protected by the intellectual property rights of others, including our competitors, we may be prevented from introducing products based on these technologies or expanding into markets created by these technologies. If the intellectual property rights of others prevent us from taking advantage of innovative technologies, our financial condition, operating results or prospects may be harmed.

We have many competitors in both the United States and foreign countries, some of which have substantially greater resources and have made substantial investments in competing technologies. Some competitors have applied for and obtained and may in the future apply for and obtain, patents that may prevent, limit or otherwise interfere with our ability to make and sell our products. Any royalty, licensing or settlement agreements, if required, may not be available to us on acceptable terms or at all.

***Significant litigation regarding intellectual property rights exists in our industry.***

There is a significant amount of litigation that occurs in the gaming and technology industry generally. A successful challenge to or invalidation of one of our patents or trademarks, a successful claim of infringement by a third party against us, our products, or one of our licensees in connection with the use of our technology, or an unsuccessful claim of infringement made by us against a third party or its products could adversely affect our business or cause us financial harm. Any such litigation – whether with or without merit – could:

be expensive and time consuming to defend;

- cause one or more of our patents to be ruled or rendered unenforceable or invalid;
- cause us to cease making, licensing or using products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products;
- divert management's attention and resources;
- require us to pay significant amounts in damages;
- require us to enter into royalty, licensing or settlement agreements in order to obtain the right to use a necessary product, process or component;
- limit our ability to bring new products to the market in the future; or
- cause us by way of injunction to have to remove products on lease and/or stop selling or leasing new products.

***The gaming industry is highly regulated and we must adhere to various regulations and maintain applicable licenses to continue our operations. Failure to abide by regulations or maintain applicable licenses could be disruptive to our business and could adversely affect our operations.***

We and our products are subject to extensive regulation under federal, state, local and foreign laws, rules and regulations of the jurisdictions in which we do business and our products are used. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. Licenses, approvals or findings of suitability may be revoked, suspended or conditioned. In sum, we may not be able to obtain or maintain all necessary registrations, licenses, permits or approvals. We cannot assure you that the licensing process will not result in delays or adversely affect our operations and our ability to maintain key personnel, or that complying with these regulations will not increase our costs.

***We may be unable to obtain licenses in new jurisdictions where our customers operate.***

We will become subject to regulation in any other jurisdiction where our customers operate in the future. To expand into any such jurisdiction, we may need to be licensed, or obtain approvals of our products or services. If we fail to seek, do not receive or receive a revocation of a license in a particular jurisdiction for our products, we would not be able to sell or place on a leased or participation basis our products in that jurisdiction.

***Legislative and regulatory changes could negatively affect our business and the business of our customers.***

Legislative and regulatory changes may affect demand for or place limitations on the placement of our products. Such changes could affect us in a variety of ways. Legislation or regulation may introduce limitations on our products or opportunities for the use of our products and could foster competitive products or solutions at our or our customers' expense. Our business will likely also suffer if our products became obsolete due to changes in laws or the regulatory framework.

Legislative or regulatory changes negatively impacting the gaming industry as a whole or our customers in particular could also decrease the demand for our products. Opposition to gaming could result in restrictions or even prohibitions of gaming operations in any jurisdiction or could result in increased taxes on gaming revenues. Tax matters, including changes in state, federal or other tax legislation or assessments by tax authorities could have a negative impact on our business. A reduction in growth of the gaming industry or in the number of gaming jurisdictions or delays in the opening of new or expanded casinos could reduce demand for our products. Changes in current or future laws or regulations or future judicial intervention in any particular jurisdiction may have a material adverse effect on our existing and proposed foreign and domestic operations. Any such adverse change in the legislative or regulatory environment could have a material adverse effect on our business, results of operations or

financial condition.

***Our growth and ability to access capital markets are subject to a number of economic risks.***

Financial markets worldwide continue to experience disruption, including, among other things, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations. It is possible that the disruption in financial markets will continue or even that there will be a further deterioration in financial markets and confidence in major economies.

These financial market conditions affect our business in a number of ways. The tightening of credit in financial markets adversely affects the ability of our customers to obtain financing for purchases and operations and could result in a decrease in or cancellation of lease and sale orders for our products and services. Current financial market conditions could also affect our ability to raise funds in the capital and lending markets.

***Risks that impact our customers may impact us.***

If fewer players visit our customers' facilities, if such players have less disposable income to spend at our customers' facilities or if our customers are unable to devote resources to purchasing and leasing our products, there could be an adverse effect on our business. Such risks that affect our customers include, but are not limited to:

adverse economic and market conditions in gaming markets, including recession, economic slowdown, higher interest rates, higher airfares and higher energy and gasoline prices;

global geopolitical events such as terrorist attacks and other acts of war or hostility; and

natural disasters such as major fires, floods, hurricanes and earthquakes.

***We also have agreements with casinos in Native American and foreign jurisdictions, which may subject us to sovereign immunity risks.***

We may have a difficult time enforcing our contracts with Central America, South America, the Caribbean and Native American tribes and the casinos they operate. These customers may enjoy significant immunity or impracticality from suit. For instance, in order to sue a Native American tribe (or an agency or instrumentality of a Native American tribe), the Native American tribe must have effectively waived its sovereign immunity with respect to the matter in dispute. Approximately 60 percent of Table Trac's business is with Native American tribes. While we always seek the waivers of immunity initially, they may not always become a part of our final contracts with Native American tribes. Without a waiver, limited or otherwise, of the tribe's sovereign immunity, our ordinary rights and remedies (such as our right to enter Native American lands to retrieve our property in the event of a breach of contract by the tribal party to that contract, or our right to enforce any outside judgment against such tribal party) will not likely be enforceable.

***We compete in a single industry and our business may suffer if our products become obsolete or demand for them decreases, including without limitation, as a result of the downturn in the gaming industry.***

We derive substantially all of our revenues from leasing, licensing, selling and other financing arrangements of products for the gaming industry. Consistent demand for and satisfaction with our products by our customers is critical to our financial condition and future success. Problems, issues, defects or dissatisfaction with our products could cause us to lose customers or revenues from leases with minimal notices. Additionally, our success depends on our ability to keep pace with technological advances in our industry and to adapt and improve our products in response to evolving customer needs and industry trends. If demand for our products weakens due to lack of market acceptance, technological change, increased competition, regulatory changes, or other factors, it could have a material adverse effect on our business, results of operations or financial condition.

***Any disruption in our manufacturing processes, any significant increase in manufacturing costs or any inability to manufacture our products to meet demand could adversely affect our business and operating results.***

We manufacture our software and related products ourselves. Should any of these manufacturing processes be disrupted, we may be unable to timely remedy such disruption. In such a case, we may be unable to produce a sufficient quantity of our products to meet the demand of our customers. In addition, manufacturing costs may increase significantly and we may not be able to successfully recover these cost increases with increased pricing to our customers. Either case could have an adverse impact on our business, results of operations or financial condition.

***We operate in a very competitive business environment and if we do not adapt our approach and our products to meet this competitive environment, our business, results of operations or financial condition could be adversely impacted.***

There is intense competition in the gaming management and gaming products industry, which is characterized by dynamic customer demand and rapid technological advances. Today, there are many systems providers, in the U.S. and abroad, offering casinos and gaming operators “total solution” casino management and table games management systems. As a result, we must continually adapt our approach and our products to meet this demand and match technological advances and if we cannot do so, our business, results of operations or financial condition may be adversely impacted. Conversely, the development of new competitive products or the enhancement of existing competitive products in any market in which we operate could have an adverse impact on our business, results of operations or financial condition. If we are unable to remain dynamic in the face of changes in the market, it could have a material adverse effect on our business, results of operations or financial condition.



***We are dependent on the success of our customers and are subject to industry fluctuations.***

Our success depends on our customers leasing or buying our products to expand their existing operations, replace existing gaming management products or equip a new casino. Any slowdown in the replacement cycle on the part of our customers may negatively impact our operations.

***If our products contain defects, our reputation could be harmed and our operating results and financial results could be adversely affected.***

Some of our products and our anticipated future products are complex and may contain defects that we do not detect. The occurrence of defects or malfunctions in one or more of our products could result in financial losses for our customers and in turn termination of leases, cancellation of orders, product returns and diversion of our resources, and could additionally result in lost revenues, civil damages and regulatory penalties, as well as possible rescission of product approvals. Any of these occurrences could also result in the loss of or delay in market acceptance of our products and loss of placements.

***We may not be able to attract, retain, or motivate the management or employees necessary to remain competitive in our industry.***

The competition for qualified personnel in the gaming industry is intense. Our future success depends on the retention and continued contributions of our key management, finance, marketing, development, technical and staff personnel, many of whom would be difficult or impossible to replace. Our success is also tied to our ability to recruit additional key personnel in the future. We may not be able to retain our current personnel or recruit any additional key personnel required. The loss of services of any of our personnel or our inability to recruit additional necessary key personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are highly dependent on the services provided by certain executives and key personnel.***

Our success depends in a significant part upon the continued service of certain senior management, and other key personnel. In particular, we are materially dependent upon the services of Chad Hoehne, the Company's Chief Technology Officer. If Mr. Hoehne should no longer serve the Company in his present capacities it would likely have a materially adverse impact on our business, financial condition and operations. Presently, the Company does not have an employment agreement with Mr. Hoehne, though the Company has secured "key person" term life insurance covering the life of Mr. Hoehne.

***Our common stock trades only in an illiquid trading market.***

Trading of our common stock is conducted on the over-the-counter markets—specifically on the OTCQB, a middle-tier quotation marketplace administered by OTC Markets (formerly known as The Pink Sheets). This generally has an adverse effect on the liquidity of our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and reduction in security analysts' and the media's coverage of our Company and its common stock. This may result in lower prices for our common stock than might otherwise be obtained and could also result in a larger spread between the bid and asked prices for our common stock.

***There is currently little trading volume in our common stock, which may make it difficult to sell shares of our common stock.***

In general, there has been very little trading activity in our common stock. The relatively small trading volume will likely make it difficult for our stockholders to sell their shares as and when they choose. Furthermore, small trading volumes generally depress market prices. As a result, you may not always be able to resell shares of our common stock publicly at the time and prices that you feel are fair or appropriate.

**Item 2.**

**Properties.**

In October 2010, the Company entered into a five-year lease on new corporate office space in Minnetonka, Minnesota and took possession of the leased space in January 2011. The new leased property includes over 4,400 square feet of office and warehouse space. The monthly rent payment is approximately \$2,727 with periodic escalators to approximately \$3,103 per month, excluding operating expenses. The Company believes this space is adequate for its business needs and any future expansion.

**Item 3.**

**Legal Proceedings.**

None.

**Item 4.**

**Mine Safety Disclosures.**

Not applicable

**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

**Market Information:** The Company’s common stock is quoted for trading on the OTCQB over-the-counter quotation service under the symbol “TBTC.” The OTCQB is a middle-tier quotation marketplace operated by OTC Markets (formerly known as The Pink Sheets). Prior to February 22, 2011, the Company’s common stock had been quoted for trading on the over-the-counter bulletin board (the OTCBB) under the trading symbol TBTC.OB. The following table sets forth the high and low bid prices for our common stock as reported by the OTCBB and OTCQB in 2011 and 2010. These quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission, and may not represent actual transactions. Trading in the Company’s common stock during the period represented was sporadic, exemplified by low trading volume and many days during which no trades occurred.

	2011	
Price per Share Calendar Year	High	Low
Annual Price per Share	\$2.00	\$0.25
First Quarter, January -March	\$2.00	\$1.20

Edgar Filing: TABLE TRAC INC - Form 10-K

Second Quarter, April - June	\$ 1.74	\$ 0.37
Third Quarter, July - September	\$ 1.00	\$ 0.32
Fourth Quarter, October - December	\$ 1.05	\$ 0.25

	2010	
Price per Share Calendar Year	High	Low
Annual Price per Share	\$ 2.50	\$ 1.10
First Quarter, January - March	\$ 1.51	\$ 1.10
Second Quarter, April - June	\$ 2.50	\$ 1.20
Third Quarter, July - September	\$ 2.25	\$ 1.60
Fourth Quarter, October - December	\$ 2.00	\$ 1.40

**Holders:** As of March 29, 2012, the Company had outstanding 4,704,305 shares of common stock held by approximately 200 holders of record.

**Dividends:** No dividends were declared or paid in 2011 or 2010.

**Securities Authorized Under Equity Compensation Plans:** The table below sets forth certain information, as of the close of business on December 31, 2011, regarding equity compensation plans (including individual compensation arrangements) under which securities of the Company were then authorized for issuance.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Issuance Under Equity Compensation Plans (excluding securities reflected in column a)	
	(a)	(b)	(c)	
Equity compensation plans approved by securityholders	70,000	\$ 1.75	300,000	(1)
Plan reached the expiration date on May 16, 2011			(300,000	)
Balance at December 31, 2011			0	
Equity compensation plans not approved by securityholders				

The Company is not required by applicable state law or the listing standards of any self-regulatory organization (1)(e.g., the OTC Markets (OTCQB), NASD, AMEX or NYSE) to obtain the approval of its security holders prior to issuing any compensatory options, warrants or other rights to purchase securities of the Company.

**Unregistered Sales of Securities:** During 2011, the Company made the following issuances and sales of unregistered securities:

In April 2011, the Company issued 37,000 shares of common stock to directors for a total director compensation expense of \$55,500. The expense is for services rendered during the period from April 2011 through March 2012,

with \$49,500 total expense in 2011. The shares were issued pursuant to the exemption set forth in Sections 4(2) and 4(5) of the Securities Act on the basis that all recipients of such shares were directors of the Company.

In July 2011, the Company issued 36,000 shares of common stock to directors for a total director compensation expense of \$36,000. The expense is for services rendered during the period from July 2011 through June 2012, with \$18,000 total expense in 2011. The shares were issued pursuant to the exemption set forth in Sections 4(2) and 4(5) of the Securities Act on the basis that all recipients of such shares were directors of the Company.

In July 2011, the Company issued 45,000 shares of common stock to employees for a total compensation expense of \$45,000 in 2011. The shares were issued pursuant to the exemption set forth in Section 4(2) of the Securities Act on the basis that all recipients of such shares were employees of the Company.

**Description of Equity Securities:** The authorized capital stock of the Company consists of 25,000,000 shares of capital stock, \$0.001 par value per share. All shares of common stock have equal voting rights and are entitled to one vote per share on all matters to be voted upon by Company stockholders. Shares of Company common stock have no preemptive, subscription, conversion or redemption rights and may be issued only as fully-paid and non-assessable shares. Cumulative voting in the election of directors is not permitted. In the event of liquidation, each holder of common stock is entitled to receive a proportionate share of our assets available for distribution to stockholders after the payment of liabilities. All presently shares of common stock issued and outstanding are fully-paid and non-assessable.

**Item 6.**

**Selected Financial Data.**

Not applicable.

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation.**

The following discussion should be read in conjunction with our audited financial statements and related notes that appear elsewhere in this filing.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements made in this report are “forward-looking statements,” as that term is defined under Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based upon our current expectations and projections about future events. Whenever used in this report, the words “believe,” “anticipate,” “intend,” “estimate,” “expect” and similar expressions, or the negative of such words and expressions, are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. The forward-looking statements in this report are primarily located in the material set forth under the headings “Description of Business,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” but are found in other parts of this report as well. These forward-looking statements generally relate to our plans, objectives and expectations for future operations and are based upon management’s current estimates and projections of future results or trends. Although we believe that our plans and objectives reflected in or suggested by these forward-looking statements are reasonable, we may not achieve these plans or objectives. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. We will not update forward-looking statements even though our situation may change in the future.

Some, but not all, of the factors that could cause actual results to differ from those implied by the forward-looking statements in this report are more fully described in the “Risk Factors” section and of this report.

Industry data and other statistical information used in this report are based on independent publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, derived from our review of internal surveys and the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash position at December 31, 2011 was \$834,665, a decrease of \$100,636 from \$935,301 at December 31, 2010. Management believes that the Company has adequate cash to meet its obligations and continue operations for both existing customer contracts and ongoing product development for the next 12 months. The Company presently has no bank line of credit or other financing arrangements except for the note payable of \$29,994. As a result, its sole sources of liquidity are cash, receivables and potentially other current assets. Management is not aware of any trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

Net cash flows used in operating activities during the year ended December 31, 2011 was (\$72,412) compared with net cash flows provided by operating activities of (\$334,973) for the same period in 2010. This change of \$262,561 was caused primarily by two large financed installations of management systems which affected accounts receivable and deferred revenue.



Net cash flows used in investing activities was (\$25,498) during the year ended December 31, 2011, compared to (\$92,859) for the same period in 2010. This change of \$67,361 was primarily due to reduced cost related to rental programs compared to 2010.

Net cash provided by (used in) financing activities was \$2,726 during the year ended December 31, 2011, compared to net cash flows received in financing activities of \$42,187 for the same period in 2010. The change of \$ 39,461 was due to the \$42,187 cash received from the exercise of outstanding options in October 2010 compared to none in 2011.

On December 31, 2011, total stockholders' equity was \$2,536,750. This compared to a stockholders' equity of \$2,823,207 in 2010, which is a decrease of \$286,457 or 10.1%.

The Company is not capital intensive. The basic product of the Company is computer software developed by its employees. Most manufacturing is done after the Company receives an order, so there is little product inventory held by the Company.

## **RESULTS OF OPERATIONS, YEAR ENDED DECEMBER 31, 2011 COMPARED TO YEAR ENDED DECEMBER 31, 2010**

The most significant events that affected the 2011 results of operations were the Company's (1) installation of eight casino management systems at five operating entities, (2) completion of our latest Casino Management System (v4) along with the completion of our new Table Games Management System, and (3) the restructuring of the senior management team, including the hiring of a Chief Financial Officer. In 2011, the Company embarked on an aggressive sales and marketing campaign that saw an increased participation in trade shows and conferences that, in the end, increased our industry visibility. In addition, the Company increased R&D resources to develop new technologies and products.

We have increased recurring revenue by 62% or roughly \$59,000 per month from December 2010 to 2011.

Inflation for the previous three years ended December 31, 2011 has been negligible, having no material effect on the Company's operations. Increased inflation may put the Company's cash holdings at risk for a loss of real value. As a result, the Company expects to periodically evaluate inflation pressure and take appropriate steps to place its available cash and cash equivalents into conservative and less inflation-sensitive investments.

Edgar Filing: TABLE TRAC INC - Form 10-K

Revenues decreased from \$3,024,653 in 2010 to \$2,623,819 in 2011. The decrease of \$400,834 was due to the fact that although we installed our Table Trac Systems at five operating entities in 2011, two of the systems installed in at the end of 2011 are being recognized monthly over multiple years due to the contract extended payment terms not meeting the criteria for immediate revenue recognition. Ongoing maintenance revenue has increased from \$925,704 in 2010 to \$926,775 in 2011, an increase of \$1,071 (or .1%). Other sales, which includes monthly rental and contracts recognized monthly over multiple years, has increased from \$441,074 in 2010 to \$505,397 in 2011, an increase of \$64,323 (or 14.6%).

A breakout of revenue type is as follows:

	For the Years Ended December 31,			
	2011	2010	2011	2010
			(percent of revenues)	
System sales	\$1,191,647	\$1,627,885	45.4 %	53.8 %
License and maintenance fees	926,775	955,694	35.3 %	31.6 %
Other sales	505,397	441,074	19.3 %	14.6 %
Total revenues	\$2,623,819	\$3,024,653	100.0%	100.0%

Cost of sales decreased to \$685,273 in 2011 from \$703,306 in 2010. The decrease of \$18,033 was primarily due to fewer system sales in 2011 compared to 2010.

A breakout of our cost of sales by type is as follows:

	For the Years Ended December 31,			
	2011	2010	2011	2010
			(percent of revenues)	
System sales	384,676	\$486,738	14.7 %	16.1 %
License and maintenance fees	137,450	178,350	5.2 %	5.9 %
Other sales	163,147	38,218	6.2 %	1.3 %
Total cost of sales	\$685,273	\$703,306	26.1 %	23.3 %

Deferred revenues – short term increased to \$45,600 in 2011 from \$25,000 in 2010. The balance represents down payments received for system installations on order at year-end. The deferred revenue is non-refundable and is recognized as revenue when the system installations are completed or as invoices are due. As of December 31, 2011 and 2010, the Company was not in the process of actively installing any new Table Trac systems.

Deferred revenues – long term increased to \$1,228,629 in 2011 from \$0 in 2010. The balance represents contracts which have been signed and invoiced, but revenue will be recognized and cash collected monthly over multiple years. The amount in 2011 represents two contracts which were signed and installed during the year.

The gross margin in 2011 was \$1,938,546 or 73.9% of sales compared with \$2,321,347 or 76.7% of sales in 2010. The decrease of gross margin was primarily due to hardware being a higher percentage of system sales in 2011 compared to 2010.

Total operating expenses increased from \$2,238,412 in 2010 to \$2,678,231 in 2011. This 19.6% increase of \$439,819 was primarily due to investing in the areas of development and sales and marketing. Meanwhile, an increase in total wages of \$246,450 was due to additional employees in 2011, but was partially offset by a decrease of \$13,180 in amounts paid contractors for services rendered.

Interest / Other income has increased in 2011 to a net amount of \$87,556 from \$63,888 in 2010; the 37.0% increase of \$23,668 is due to a greater amount of long-term financed contracts in 2011 compared to 2010.

The provision (benefit) for income taxes was (\$229,172) in 2011, for an effective rate of (35.1%), compared to a provision for income taxes of \$22,700 for an effective rate of 15.5% in 2010. The change in rates is primarily due to in

2011 the loss was for both tax and financial purposes, but in 2010 the results were a loss for tax, but a profit for financial results.

The net income (loss) for 2011 was (\$422,957) compared to \$124,123 for 2010 which is a decrease of \$547,080.

The basic earnings (loss) per share in 2011 was (\$0.09) compared to \$0.03 in 2010.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

None.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Company's discussion and analysis of financial condition and results of operations is based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates these estimates, including those related to revenue recognition, bad debts, inventory valuation, intangible assets, and income taxes. The Company bases these estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates and judgments that the Company believes have the most effect on its reported financial position and results of operations are as follows:

## Revenue Recognition

The Company derives revenues from the sales of systems, licenses and maintenance fees, services, rental, and participation-based agreements.

### *System Sales*

Revenue from systems that have been demonstrated to meet customer specifications during installation is recognized when evidence of an arrangement exists, the product has been installed, title and risk of loss have transferred to the customer and collection of the resulting receivable is reasonably assured. System sales, which are accounted for as multiple-element arrangements, include multiple products and/or services. For multiple-element arrangements, the Company allocates the revenue to each element based on their relative fair estimated value based on vendor specific objective evidence (VSOE) and recognizes the associated revenue when all revenue recognition criteria have been met for each element. If there are contracts the Company does not have VSOE of fair value of all elements, revenue is deferred until the earlier of VSOE being determined or when all elements have been delivered.

The Company does offer its customers contracts with extended payment terms. The Company must evaluate if any extended payment terms in the contract is an indicator of the revenue not being fixed or determinable. Provided all other revenue recognition criteria has been satisfied, the Company recognizes the revenue if payment of a significant portion of the systems sales is due within 12 months of the delivery of the product. The Company also analyzes its standard business practice of using long-term contracts and the history of collecting on extended payment term contracts without making concessions for determining if revenue should be recognized. Revenue and associated set-up costs are deferred if contract terms exceed historical collection results or if a substantial portion of the contract is not due within 12 months after delivery of the product. The Company analyzes each contract for proper revenue recognition based on that contracts facts and circumstances. Interest is recorded upon receipt to other income on the statements of operations.

### *Maintenance revenue*

Maintenance revenue is recognized ratably over the contract period.

### *Service revenue*

Service revenue is recognized after the services are performed and collection of the resulting receivable is reasonably assured.

*Rental revenue*

In 2010, the Company began offering certain new customers a rental contract. Revenues are billed and recognized monthly based on a per game per day basis. There is an option to purchase the system after the rental agreement at a pre-determined residual value.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount. Any accounts receivable amount relating to a sales installment contract greater than twelve months beyond the calendar year end is recorded as a long term asset and is classified as “accounts receivable, financed contracts - long term”. Management believes that receivables, net of the allowance for doubtful accounts are fully collectible. While the ultimate result may differ, management believes that any write off not allowed for will not have a material impact on the Company’s financial position.

Accounts receivable consisted of the following at December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
Accounts receivable under normal 30 day terms	\$ 875,013	\$ 554,963
Financed contracts:		
Short-term	357,567	481,289
Current portion of long-term	987,501	828,170
Long-term, net of current portion	1,062,709	260,430
Total accounts receivable	3,282,790	2,124,852
Unbilled accounts receivable	-	14,195
Less allowance for doubtful accounts	(237,844)	(179,416)
Accounts receivable, net	\$ 3,044,946	\$ 1,959,631

### Inventory

Inventory comprised of finished goods and work in process is stated at the lower of cost or market. The average cost method is used to value inventory. Inventory is reviewed annually for the lower of cost or market and obsolescence. Any material cost found to be above market value or considered obsolete is written down accordingly. The Company had no obsolescence reserve at December 31, 2011 and 2010.

### Long-lived Assets

The Company periodically assesses the recoverability of long-lived assets and certain identifiable intangible assets by reviewing for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future un-discounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

### Stock-based Compensation

The Company recognizes the cost of stock-based compensation plans and awards in operations on a straight-line basis over the vesting period of the awards. The Company measures and recognizes compensation expense for all

stock-based payment awards made to employees and directors. The compensation expense for the Company's stock-based payments is based on estimated fair values at the time of the grant.

### Income Taxes

Income taxes are provided for using the liability method of accounting. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.



**Item 8. Financial Statements and Supplementary Data.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders, Audit Committee and Board of Directors

Table Trac, Inc.

Minnetonka, MN

We have audited the accompanying balance sheets of Table Trac, Inc. as of December 31, 2011 and 2010, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Table Trac, Inc. as of December 31, 2011 and 2010 and the results of their operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota

March 29, 2012



**TABLE TRAC, INC.****BALANCE SHEETS**

	December 31, 2011	December 31, 2010
<b>CURRENT ASSETS</b>		
Cash	\$ 834,665	\$ 935,301
Accounts receivable, net of allowance for doubtful accounts of \$237,844 at December 31, 2011 and \$179,416 at December 31, 2010	1,982,237	1,699,201
Inventory	150,593	151,254
Prepaid expenses	61,544	133,262
Other current assets	18,296	9,954
Income taxes receivable	74,683	260,618
<b>TOTAL CURRENT ASSETS</b>	<b>3,122,018</b>	<b>3,189,590</b>
<b>LONG-TERM ASSETS</b>		
Patent, net	7,097	8,461
Property and equipment, net	54,606	41,641
System under rental program, net	64,783	61,214
Other long term assets	258,522	2,060
Deferred tax asset	14,000	18,000
Long-term accounts receivable – financed contracts	1,062,709	260,430
<b>TOTAL LONG-TERM ASSETS</b>	<b>1,461,717</b>	<b>391,806</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,583,735</b>	<b>\$ 3,581,396</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 135,456	\$ 93,648
Payroll liabilities	27,359	-
Current portion of note payable	10,907	-
Deferred revenue - short term	45,600	25,000
Deferred tax liability	579,947	639,541
<b>TOTAL CURRENT LIABILITIES</b>	<b>799,269</b>	<b>758,189</b>
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion	19,087	-
Deferred revenue - long term	1,228,629	-
<b>TOTAL LIABILITIES</b>	<b>2,046,985</b>	<b>758,189</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, 0.001 par value; 25,000,000 shares authorized: 4,704,305 and 4,586,305 shares issued and outstanding at December 31, 2011 and December 31, 2010	4,704	4,586
Additional paid-in capital	1,818,613	1,682,231

Edgar Filing: TABLE TRAC INC - Form 10-K

Retained earnings	714,855		1,137,812	
	2,538,172		2,824,629	
Treasury stock, 1,000 shares (at cost) at December 31, 2011 and December 31, 2010	(1,422	)	(1,422	)
TOTAL STOCKHOLDERS' EQUITY	2,536,750		2,823,207	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,583,735		\$ 3,581,396	

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

**TABLE TRAC, INC.**

## STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2011	2010
Revenues	\$2,623,819	\$3,024,653
Cost of sales	685,273	703,306
Gross profit	1,938,546	2,321,347
Operating Expenses:		
Selling, general and administrative	2,678,231	2,238,412
Income (loss) from operations	(739,685 )	82,935
Interest / Other income	87,556	63,888
Income (loss) before taxes	(652,129 )	146,823
Income tax expense (benefit)	(229,172 )	22,700
Net income (loss)	\$(422,957 )	\$124,123
Basic earnings (loss) per common share	\$(0.09 )	\$0.03
Weighted-average basic shares outstanding	4,652,382	4,281,523
Diluted earnings (loss) per common share	\$(0.09 )	\$0.03
Weighted-average diluted shares outstanding	4,652,382	4,281,523

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

**TABLE TRAC, INC.**

## STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Retained	Treasury	Total
	Number of	Amount	Paid-in	Earnings	Stock	
	Shares		Capital			
BALANCE, DECEMBER 31, 2009	4,162,234	\$ 4,162	\$ 1,404,619	\$ 1,013,689	\$ (1,422 )	\$ 2,421,048
Common stock issued to board of directors for 2010-2011 compensation	67,571	68	118,181			118,249
Common stock issued to investors relations for 2010-2011 compensation	25,000	25	61,225			61,250
Stock options from 2003 & 2007 exercised October 2010	337,500	337	41,850			42,187
Cancel shares never earned nor issued for consultant services contingently reserved for in 2008	(6,000 )	(6 )	(15,744 )	-	-	(15,750 )
Black Sholes computation for November 2010 stock options granted			72,100		-	72,100
2010 Net Income				124,123		124,123
BALANCE, DECEMBER 31, 2010	4,586,305	\$ 4,586	1,682,231	1,137,812	(1,422 )	2,823,207
Common stock issued to board of directors for 2011-2012 compensation	73,000	73	91,427			91,500
Common stock issued to employees for services	45,000	45	44,955	-	-	45,000
2011 Net Loss				(422,957 )		(422,957 )
BALANCE, DECEMBER 31, 2011	4,704,305	\$ 4,704	\$ 1,818,613	\$ 714,855	\$ (1,422 )	\$ 2,536,750

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

## TABLE TRAC, INC.

## STATEMENTS OF CASH FLOWS

	Years Ended December	
	31,	
	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$(422,957 )	\$ 124,123
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	43,048	24,480
Allowance for other current assets	9,631	-
Deferred income taxes	(55,594 )	38,541
Gain on sale of property and equipment	-	(952 )
Allowance for doubtful accounts receivable	58,428	(2,177 )
Stock issued for services	101,416	135,458
Cancellation of shares to a consultant not earned or issued	-	(15,750 )
Stock compensation expense	55,125	72,100
Changes in operating assets and liabilities:		
Accounts receivable	(1,143,743)	(560,864 )
Inventory	661	38,228
Prepaid expenses and other assets	(222,758 )	(78,927 )
Accounts payable and accrued expenses	41,808	(46,049 )
Payroll liabilities	27,359	-
Deferred revenue	1,249,229	25,000
Income taxes receivable	185,935	(88,184 )
Net cash used in operating activities	(72,412 )	(334,973 )
<b>INVESTING ACTIVITIES</b>		
Purchase of domain name	-	(2,060 )
Purchase of property and equipment	-	(31,753 )
Proceeds from sale of property and equipment	-	5,500
Purchase of system under rental program	(25,498 )	(64,546 )
Net cash used in investing activities	(25,498 )	(92,859 )
<b>FINANCING ACTIVITIES</b>		
Stock options exercised	-	42,187
Payments on long-term debt	(2,726 )	-
Net cash provided by (used in) financing activities	(2,726 )	42,187
<b>NET DECREASE IN CASH</b>	<b>(100,636 )</b>	<b>(385,645 )</b>

Edgar Filing: TABLE TRAC INC - Form 10-K

CASH

Beginning of year	935,301	1,320,946
End of year	\$834,665	\$935,301
Cash received from (paid for) income taxes	\$374,032	\$(40,000 )
Non-cash investing and financing		
Purchase of vehicle with note payable	\$32,720	\$-
Restricted stock issued for future services	\$-	\$61,250
Common stock issued for future services	\$136,500	\$118,249

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



**TABLE TRAC INC.**

**Notes to Financial Statements**

**December 31, 2011 and 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Company

Table Trac, Inc. (the Company) was formed under the laws of the State of Nevada in June 1995. The Company has its offices in Minnetonka, Minnesota. The Company has developed and patented a proprietary information and management system that automates and monitors the operations of casino games.

The Company provides system sales and technical support to casinos. System sales include installation, custom casino system configuration and training. In addition, license and technical support are provided under an annual license and service contract.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The balance sheet reclassification was a change in the presentation of an allowance for a current asset, which had previously been included in the allowance for doubtful accounts. These reclassifications had no effect on reported net loss.

Concentrations of Risk*Cash Deposits in Excess of Federally Insured Limits*

The Company maintains its cash balances at two financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company had approximately \$470,000 and \$435,000 of uninsured cash balances at December 31, 2011 and 2010, respectively.

*Major Customers*

The following table summarizes significant customer information for the years ended December 31, 2011 and 2010:

	For the Years Ended December 31,			
	2011		2010	
	% Sales	% AR	% Sales	% AR
A	21.8 %	11.6 %	27.1 %	27.0 %
B	13.0 %	32.1 %	0.0 %	0.0 %
C	11.4 %	5.6 %	0.0 %	0.0 %
D	4.1 %	6.7 %	19.5 %	23.3 %
E	6.1 %	9.3 %	6.2 %	14.6 %
F	2.9 %	20.0 %	0.0 %	0.0 %
All Others	40.7 %	14.7 %	47.2 %	35.1 %
Total	100.0%	100.0%	100.0%	100.0%

## Revenue Recognition

The Company derives revenues from the sales of systems, licenses and maintenance fees, and services.

### *System Sales*

Revenue from systems that have been demonstrated to meet customer specifications during installation is recognized when evidence of an arrangement exists, the product has been installed, title and risk of loss have transferred to the customer and collection of the resulting receivable is reasonably assured. System sales, which are accounted for as multiple-element arrangements, include multiple products and/or services. For multiple-element arrangements, the Company allocates the revenue to each element based on their relative fair estimated value based on vendor specific objective evidence (VSOE) and recognizes the associated revenue when all revenue recognition criteria have been met for each element. If there are contracts the Company does not have VSOE of fair value of all elements, revenue is deferred until the earlier of VSOE being determined or when all elements have been delivered.

The Company does offer its customers contracts with extended payment terms. The Company must evaluate if any extended payment terms in the contract is an indicator of the revenue not being fixed or determinable. Provided all other revenue recognition criteria has been satisfied, the Company recognizes the revenue if payment of a significant portion of the systems sales is due within 12 months of the delivery of the product. The Company also analyzes its standard business practice of using long-term contracts and the history of collecting on extended payment term contracts without making concessions for determining if revenue should be recognized. Revenue and associated set-up costs are deferred if contract terms exceed historical collection results or if a substantial portion of the contract is not due within 12 months after delivery of the product. The Company analyzes each contract for proper revenue recognition based on that contracts facts and circumstances. Interest is recorded upon receipt to other income on the statements of operations.

### *Maintenance revenue*

Maintenance revenue is recognized ratably over the contract period. The VSOE for maintenance is based upon the renewal rate for contracted services.

### *Service revenue*

Service revenue is recognized after the services are performed and collection of the resulting receivable is reasonably assured. The VSOE for service revenue is established based upon prices for the services.

#### *Rental revenue*

In 2010, the Company began offering certain new customers a rental contract. Revenues are billed monthly based on a per-game per-day basis. There is an option to purchase the system after the rental agreement at a pre-determined residual value.

#### Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued expenses. Fair value estimates are at a specific point in time, based on relevant market information about the financial instrument. These estimates are subjective in nature and matters of significant judgment and therefore cannot be determined with precision. The Company considers the carrying values of its financial instruments to approximate fair value due to their short-term nature.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company held no cash equivalents at December 31, 2011 or 2010.

### Accounts Receivable / Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount. Accounts receivable include regular customer receivables and amounts from financed contracts coming due within 12 months. Amounts from financed contracts due beyond 12 months are recorded as "Long-term accounts receivable – financed contracts". Interest is recorded upon receipt to other income on the statements of operations. An allowance for doubtful accounts is recorded when the Company believes the amounts may not be collected. Management believes that receivables, net of the allowance for doubtful accounts, are fully collectible. While the ultimate result may differ, management believes that any write-off not allowed for will not have a material impact on the Company's financial position.

### Inventory

Inventory is comprised of finished goods and is stated at the lower of cost or market. The average cost method is used to value inventory. Inventory is reviewed annually for the lower of cost or market and obsolescence. Any material cost found to be above market value or considered obsolete is written down accordingly. The Company had no obsolescence reserve at December 31, 2011 and 2010.

### Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets which range from two to five years. Repair and maintenance costs are expensed as incurred; major renewals and improvements are capitalized. As items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in operating income.

### Intangible Asset

The Company has a patent number 5,957,776 relating to its table game management system. Expenses incurred in obtaining this patent are carried at cost and are being amortized over seventeen years using the straight-line method. Total patent costs were \$23,472. The amortization expense was \$1,364 and \$1,365 for the years ended December 31, 2011 and 2010, respectively. Future amortization is \$1,365 for each of the years ending 2012 through 2015 and \$1,637 for the year ending 2016.

#### Long-lived Assets

The Company periodically assesses the recoverability of long-lived assets and certain identifiable intangible assets by reviewing for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

#### Income Taxes

Income taxes are provided for using the liability method of accounting. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

The Company accounts for income taxes pursuant to Financial Accounting Standards Board guidance. This guidance prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than not (a greater than 50 percent likelihood of being realized) to be sustained upon examination by taxing authorities. The Company believes its income tax filing positions and deductions will be sustained upon examination and, accordingly, no reserves, or related accruals for interest and penalties have been recorded at December 31, 2011 and 2010. In accordance with the guidance, the Company has adopted a policy under which, if required to be recognized in the future, interest and penalties related to the underpayment of income taxes will be classified in operating expenses in the statements of operations. The Company has three open years of tax returns subject to examination.

### Research and Development

Expenditures for research and product development costs are expensed as incurred. Research and development expenses was \$149,265 and \$184,035 for the years ended December 31, 2011 and 2010, and is included in selling, general and administrative expenses on the statements of operations.

### Stock-based Compensation

The Company recognizes the cost of stock-based compensation plans and awards in operations on a straight-line basis over the vesting period of the awards. The Company measures and recognizes compensation expense for all stock-based payment awards made to employees and directors. The compensation expense for the Company's stock-based payments is based on estimated fair values at the time of the grant.

The Company estimates the fair value of stock-based payment awards on the date of grant using an option pricing model. These option pricing models involve a number of assumptions, including the expected lives of stock options, the volatility of the public market price for the Company's common stock and interest rates. Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that are ultimately expected to vest. The fair value of each option grant is estimated on the date of grant using the Black-Scholes pricing model with the following weighted-average assumptions and results for the grants:

	2011	2010	
Dividend yield	N/A	None	
Expected volatility	N/A	148.75	%
Expected life of option	N/A	30 months	
Risk-free interest rate	N/A	1.10	%

Edgar Filing: TABLE TRAC INC - Form 10-K

Forfeiture rate	N/A	None
Weighted average fair value of options granted	N/A	\$1.03

There were no stock options issued during 2011. The stock option plan expired on May 16, 2011.

Since the Company has only declared dividends once in the past, the dividend yield used was zero. Expected volatility is based on a simple average of the stock price. The expected life of the options is determined using a simplified method, computed as the average of the option vesting periods and the contractual term of the option, as the Company does not have sufficient historical data to estimate the expected term of share-based awards. The risk-free interest rate for the expected term of the stock options was based on the U.S. Treasury yield curve in effect at the time of the grant. Since the Company's outstanding stock options have historically been exercised prior to expiration, the forfeiture rate used was zero.



Stock-based compensation expense related to options was \$0 and \$72,100 for the years ended December 31, 2011 and 2010, respectively. The Company estimates the amount of future stock-based compensation expense related to outstanding options to be \$0.

### Segment Reporting

The Company operates as one reporting segment.

### Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) and items defined as other comprehensive income (loss). Items defined as other comprehensive income (loss) include such items as foreign currency translation adjustments and unrealized gains (losses) on certain marketable securities. For the year ended December 31, 2011 and 2010, the Company had no items defined as other comprehensive income (loss).

### Basic and Diluted Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) by the weighted average shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options or warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options or warrants were exercised and that the proceeds from the exercise were used to acquire shares of common stock at the average market price during the reporting period. (See Note 8)

### Recent Accounting Pronouncements

In October 2009, the FASB issued an update to existing guidance on revenue recognition for arrangements with multiple deliverables and deliverables that include software elements effective for fiscal years beginning on or after June 15, 2010. This update will allow companies to allocate consideration received for qualified separate deliverables using estimated selling price for both delivered and undelivered items when vendor-specific objective evidence or third-party evidence is unavailable. Additional disclosures discussing the nature of multiple element arrangements, the types of deliverables under the arrangements, the general timing of their delivery, and significant factors and

estimates used to determine estimated selling prices are required. The Company has adopted this update for new revenue arrangements entered into or materially modified beginning January 1, 2011 and our adoption of this update did not have a material impact on our financial statements.

**NOTE 2. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at:

	December 31, 2011	December 31, 2010
Accounts receivable under normal 30 day terms	\$ 875,013	\$ 554,963
Financed contracts:		
Short-term	357,567	481,289
Current portion of long-term	987,501	828,170
Long-term, net of current portion	1,062,709	260,430
Total accounts receivable	3,282,790	2,124,852
Unbilled accounts receivable	-	14,195
Less allowance for doubtful accounts	(237,844	) (179,416
Accounts receivable, net	\$ 3,044,946	\$ 1,959,631

The allowance for financed and trade receivable represents management's estimate of probable losses in our trade and financed receivables as of the date of the financial statements. The allowance provides for probable losses that have been identified with specific customer relationships and for probable losses believed to be inherent of the trade and financed receivables but have not been specifically identified.

Included in Accounts receivable - Financed contracts at December 31, 2011 and 2010 is \$2,050,210 and \$1,088,600 with an offset to deferred revenues on the balance sheet of \$1,228,629 and \$0 at December 31, 2011 and 2010.

A roll-forward of the Company's allowance for doubtful accounts for the years ended is as follows:

	December 31, 2011	December 31, 2010
Accounts receivable allowance, beginning of year	\$ 179,416	\$ 182,054
Provision adjustment during period	58,428	3,247
Write-off of bad debt	-	(5,885 )
Accounts receivable allowance, end of year	\$ 237,844	\$ 179,416

The allowance for doubtful accounts is \$237,844 for the trade receivables and \$0 for the financed contracts.

### NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at:

	December 31, 2011	December 31, 2010
Office equipment	\$ 26,990	\$ 26,990
Vehicles	77,374	44,654
	104,364	71,644
Less: accumulated depreciation	(49,758 )	(30,003 )
Property and equipment, net	\$ 54,606	\$ 41,641
Rental Equipment	\$ 90,044	\$ 64,546
Less: accumulated depreciation	(25,261 )	(3,332 )
Systems under rental program, net	\$ 64,783	\$ 61,214

Depreciation expense totaled \$41,684 and \$23,115 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 4. LONG-TERM DEBT**

The Company entered into a \$32,720 term note agreement with Nissan Motor Acceptance Company in September 2011. The note is payable in monthly installments of \$909 and is non-interest bearing. The note is secured by the vehicle. The note expires in September 2014. The outstanding balance of the note was \$29,994 at December 31, 2011.

Future maturities of long-term debt are as follows for the years ending December 31:

2012	\$ 10,907
2013	10,907
2014	8,180
Total	\$ 29,994

## NOTE 5. OPERATING LEASES

Effective January 1, 2011, the Company has a five-year lease on new corporate office space in Minnetonka, Minnesota, which expires in July 2016. This lease has rent escalations from \$2,727 to \$3,103 per month, excluding operating expenses. Future minimum lease payments are as follows:

2012	\$32,723
2013	34,447
2014	35,376
2015	36,305
2016	21,719
Total	\$160,570

Rent expense was \$57,305 and \$49,010 in 2011 and 2010, respectively.

## NOTE 6. STOCKHOLDERS' EQUITY

### Common Stock

In January 2010, the Company amended its articles of incorporation to increase the number of authorized shares to 25,000,000.

In April 2011, the Company issued 37,000 shares of common stock to directors at \$1.50 per share for a total director compensation expense of \$55,500. The expense is for services rendered during the period from April 2011 through March 2012, with \$49,500 total expense in 2011.

In July 2011, the Company issued 36,000 shares of common stock to directors at \$1.00 for a total director compensation expense of \$36,000. The expense is for services rendered during the period from July 2011 through June 2012, with \$18,000 total expense in 2011.

In July 2011, the Company issued 45,000 shares of common stock to employees at \$1.00 per share for a total compensation expense of \$45,000 total expense in 2011.

In April 2010, the Company issued 67,571 shares, at \$1.75 per share for a total cost of \$118,249 to the Board of Directors for annual compensation for the period from April 1, 2010 to March 31, 2011. A total of \$ 23,625 and \$94,624 was recognized as stock compensation expense for the years ended December 31, 2011 and 2010 respectively.

In July 2010, the Company recorded 25,000 shares, at \$2.45 per share for a total cost of \$61,250 to the investor relations firm per contract for the period from May 2010 to April 2011. A total of \$ 20,416 and \$40,834 was recognized as professional fees: shareholder relations for the years ended December 31, 2011 and 2010 respectively.

As of December 31, 2011, the Company holds 1,000 common stock shares in treasury at a total cost of \$1,422 for future employee issuances under the bonus program which was part of the 2009 repurchase of shares.

### Stock Options

In October 2001, the Company implemented an Employee Stock Incentive Plan, which was approved by the shareholders at the annual meeting held in September 2001. This plan provides for the issuance of options to employees to purchase shares of the Company's common stock at an exercise price at least equal to the fair value of the Company's common stock at the grant date. Options may be exercisable for a period of up to six years from the date of grant. The Company has reserved 1,000,000 shares of its common stock for potential issuance under this plan. Due to expiration of the plan, there are no stock options available for grants.

In November 2010, the Company issued 70,000 fully vested five-year employee stock options with an exercise price of \$1.75 per share.

The following is a summary of all activity involving options for the years ended December 31:

	Outstanding and Exercisable Options	Weighted Average Exercise Price	Remaining Term	Aggregate Intrinsic Value
Balance, December 31, 2009	337,500	\$0.125	1	
Granted	70,000			
Exercised	(337,500 )			
Cancelled	- 0 -			
Balance, December 31, 2010	70,000	\$1.750	5	\$ 17,500
Granted	- 0 -			
Exercised	- 0 -			
Cancelled	- 0 -			
Balance, December 31, 2011	70,000	\$1.750	4	\$ -

The aggregate intrinsic value in the table represents the difference between the closing stock price on December 31, 2011 and 2010 and the exercise price, multiplied by the number of in-the-money options that would have been received by the option holders had all option holders exercised their options on December 31, 2011 and 2010. Total fair value of options vested during the years ended December 31, 2011 and 2010 was \$0 and \$72,100, respectively.

The Company issues new shares when stock options are exercised.

#### NOTE 7. INCOME TAXES

The income tax provision (benefit) consists of the following for the years ended December 31:

	2011	2010
Current tax expense (benefit)	\$(173,578)	\$1,000
Deferred tax expense (benefit)	(55,594 )	21,700
Total income tax expense (benefit)	\$(229,172)	\$22,700

Edgar Filing: TABLE TRAC INC - Form 10-K

The reconciliation between expected federal income tax rates and the Company's effective federal tax rates is as follows:

	2011		2010	
	Amount	Percent	Amount	Percent
Expected federal tax	\$(221,672)	(34.0 )%	\$49,900	34.0 %
Permanent timing differences	9,200	1.4 %	29,900	20.4 %
Reduction in deferred tax liability for inventory	0	0.0 %	(53,500)	(36.4 )%
State income tax, net of federal tax benefit	(27,900 )	(4.3 )%	10,800	7.4 %
Other	11,200	1.8 %	(14,400)	(14.2 )%
Total	\$(229,172)	(35.1 )%	\$22,700	11.2 %



The following table summarizes the Company's deferred tax assets and liabilities at December 31, 2011 and 2010:

	2011	2010
Current deferred tax asset (liabilities):		
Accounts payable and accrued expenses	\$28,000	\$6,000
Accounts receivable	(1,262,000)	(817,000)
Allowance for doubtful accounts	91,000	71,000
Prepaid expenses	(23,000 )	(57,000 )
Deferred revenue	392,000	10,000
NOL - federal	194,053	147,459
Net current deferred tax liability	(579,947 )	(639,541)
Long-term deferred tax asset (liability):		
NOL - State	30,000	20,000
Book - Tax depreciation	(16,000 )	(2,000 )
Net long-term deferred tax asset (liability)	14,000	18,000
Net deferred tax liability	\$(565,947 )	\$(621,541)

The net federal operating loss carryforward at December 31, 2011 was approximately \$568,000 expiring in 2031 and the state net operating loss carryforward is approximately \$698,000 which starts expiring in 2025. An allowance for net operating loss carryforward is recorded when the Company believes the amount may not be collected or fully utilized. Management believes the net operating loss carryforward, net of the allowance, is fully collectible or fully utilized. Management believes that any write-off not allowed for will not have a material impact on the Company's financial position.

#### NOTE 8. EARNINGS PER SHARE

Earnings per share is computed under two different methods, basic and diluted, and is presented for all periods in which statements of operations are presented. Basic earnings per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock and common stock equivalents outstanding.

The following table provides a reconciliation of the numerators and denominators used in calculating basic and diluted earnings per share for years ended December 31, 2011 and 2010:

	2011	2010
Basic earnings (loss) per share calculation:		

Edgar Filing: TABLE TRAC INC - Form 10-K

Net income (loss) to common stockholders	\$ (422,957 )	\$ 124,123
Weighted average number of common shares outstanding	4,652,382	4,281,523
Basic net income (loss) per share	\$ (0.09 )	\$ 0.03

Diluted earnings (loss) per share calculation:

Net income (loss)	\$ (422,957 )	\$ 124,123
Weighted average number of common shares outstanding	4,652,382	4,281,523

Common stock equivalents:

Stock options	(1 )	(1 )
Weighted average diluted shares outstanding	4,652,382	4,281,523
Diluted net income (loss) per share	\$ (0.09 )	\$ 0.03

Stock options outstanding of (1) 70,000 were not included in the calculation as they would have been anti-dilutive.

**NOTE 9. GEOGRAPHIC CONCENTRATIONS**

The Company sells its technologies and services to casinos in the United States, the Caribbean and countries in both Central and South America. For 2011 and 2010, 85% and 93% of the Company's revenues were from the United States, 8% and 0% from the Caribbean, 5% and 6% from Central America, and 2% and 1% from South America, respectively.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None

**Item 9A.**

**Controls and Procedures.**

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

As of December 31, 2011, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of our disclosure controls and procedures as such term is defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures are effective as of December 31, 2011.

**REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(e) and 15d-15(f) of the Exchange Act. We have designed our internal controls to provide reasonable, but not absolute, assurance that our financial statements are prepared in accordance with U.S. GAAP. We assess the effectiveness of our internal controls based on the criteria set forth in the Internal Control - Integrated Framework developed by the Committee of Sponsoring Organizations of the Treadway Commission.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. It should be noted that any system of internal control, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has concluded that our internal control over financial reporting was effective as of December 31, 2011.

## CHANGES IN INTERNAL CONTROLS

In our Annual Report on Form 10-K for the year ended December 31, 2010 (and in subsequent quarterly reports), we identified certain material weaknesses in internal control over financial reporting relating to our accounting policies and procedures, Board of Director financial oversight, lack of segregation of duties, financial close and reporting and internal financial expertise. In light of such weaknesses, management implemented changes to our internal control over financial reporting during 2011 to help improve the Company's control structure, including:

- increased involvement of our Board of Directors, Audit Committee and senior management in the oversight of our internal controls and the financial reporting process;
- the re-allocation of duties, facilitated by the hiring of our Chief Financial Officer, to provide for greater segregation;
- the offices of President and Chief Executive Officer have been split between two persons and are now reviewing the work of the Chief Financial Officer; and

- the specific involvement of the Audit Committee in quarterly reviews of significant processes and accounts.

In May 2010, the Company engaged Milo Belle Consultants LLC (now known as Adams Gabbert), who provided an assessment of the SOX 404 work for the fiscal year 2011 and issued a Compliance Project Year End Summary Report which indicated the remediation was completed for the items which constituted a material weakness for 2010.

Our efforts to remediate the material weaknesses identified in our Annual Report on Form 10-K for the year ended December 31, 2010, and to enhance our overall control environment, have been regularly reviewed with, and monitored by, our Audit Committee. We believe the remediation measures described above have (i) been successful in correcting and remediating the material weaknesses earlier identified and (ii) strengthened and enhanced our internal control over financial reporting.

Except as discussed above, there has been no change in our internal control over financial reporting during the quarterly period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B.**

**Other Information.**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance.**

**MANAGEMENT**

The executive officers and directors of the Company, with a brief description, are as follows:

Glenn Goulet	53	CEO, Director	<p>Mr. Goulet became the Chief Executive Officer in July 2011 after serving as the Executive Vice President for Sales and Marketing since August 2010. Prior to joining Table Trac he served in management positions at both GTECH and INTRALOT, two leading gaming system technology providers with worldwide operations. From 2000 to 2005 he served as Senior Vice President at Multimedia Games, a leading game manufacturer and casino management system provider. In June 2005, Mr. Goulet founded Gaming Strategies + Insights, LLC, a market research firm focused on the gaming industry. He began his career as a market researcher with ABC News, the Republican National Committee and Market Strategies, a leading political polling firm.</p>
-----------------	----	------------------	---

Mr. Goulet has been a director at Table Trac from December 2009 to August 2010 and since December 2011.

Chad B. Hoehne	50	President, Director	<p>Mr. Hoehne is the President and founder of the Company. He has a B.S. degree in Business Administration, Finance and computer minor from Minnesota State University. Mr. Hoehne founded Table Trac, Inc. in 1994 after working nine years for a successful Minneapolis electronics manufacturer and software company.</p>
-------------------	----	------------------------	--

Mr. Hoehne has been on our board since the Company's founding.

Brian Hinchley	46	CFO	<p>Mr. Hinchley is the Chief Financial Officer of the Company. He has a B.A. degree in Business Administration/Accounting from the University of St. Thomas in St. Paul, Minnesota. Prior to joining Table Trac, Mr. Hinchley was the Chief Financial Officer from September 1998 to May 2001 of two privately owned international software companies, Intercim, LLC and WorkWise, Inc. Mr. Hinchley also served in accounting roles for Griffin Companies (a commercial real estate company) from May 1992 to August 1998.</p>
-------------------	----	-----	---

Mr. Hinchley has been an employee at Table Trac since May 2011.



Robert R. Siqveland 67 Corporate Secretary

Mr. Siqveland is employed by Table Trac, Inc. as Executive Assistant. Mr. Siqveland has served as Corporate Secretary on the Board of Directors since 1999. Prior to joining Table Trac, Mr. Siqveland was an investment advisor with Summit Investment and venture capitalist with Property Growth Company for 25 years, providing “seed capital” and management to over 30 companies.

Mr. Siqveland has been a director at Table Trac since 1999.

Steven A. Browne 55 Director, Chairman of the Board, Chair of the Compensation Committee

Mr. Steve Browne has been involved in the gaming industry since the late 1970s and has been involved with companies as Del Webb’s Sahara Tahoe, the Eldorado, and Club Cal-Neva in northern Nevada. He worked in many positions at all levels, primarily in the area of table games management and operations. In 1988, Mr. Browne and two partners purchased Cactus Jacks Casino in Carson City, Nevada. He spent the next ten years as Treasurer and General Manager of that property. During that period, Steve was instrumental in developing a unique, customer-driven marketing and service program that took an underperforming casino down the road to seven years of double-digit growth. In 1997, he stepped down as General Manager and sold his interest in the casino. Since that time, Mr. Browne has developed a successful consulting practice specializing in the areas of customer service, player development, and casino operations. He works extensively with casino clients across North America and overseas. Mr. Browne is the author of two books, *Gambling And Service: The Complete Book On Casinos, Customer Service, And Selling An Entertainment Experience That Enriches People’s Lives*, and *The Math of Player Development*. He is also the author of several complete Service and Sales Training Programs for gaming employees and managers. Mr. Browne has been instrumental in leading the charge to developing customer service and customer-focused marketing as a competitive edge in today’s fiercely contested gaming markets.

Mr. Browne has been a director at Table Trac since December 2010.

Louis  
Fornetti

62

Director,  
Chair of the  
Audit  
Committee

Mr. Fornetti has many years of experience in finance and corporate governance. Mr. Fornetti has served on the Board of Directors of Saxon Mortgage Corporation (NYSE) (2005-2006), Americal Medical Security (NYSE) (2003-2004), Stockwalk Corporation (NASD) (2001), and American Express Financial Advisors (1988-1995). Mr. Fornetti has also served on the Board of Directors of Othnet, Inc. (a private software development corporation) and IPool Corporation (a private consumer advocacy corporation). From 2004 to present, Mr. Fornetti has been a business advisor and consultant. His prior work experience includes service as the Executive Vice President and Chief Financial Officer off RBC Dain Rauscher (1995-1997), Senior Vice President and Chief Financial Officer of American Express Financial Advisors (1992-1995), corporate controller of American Express Financial Advisors (1985-1992), Vice President and Corporate Controller of St. Paul Travelers (f/k/a The St. Paul Companies, Inc.) (1979-1985), and audit manager at KPMG (Peat Marwick) (1972-1979). Mr. Fornetti received his B.A. from Northern Michigan and a CPA certificate from the State of Minnesota in 1974.

Mr. Fornetti has been a director at Table Trac since June 2011.

Gary  
Loebig

63

Director,

Gary Loebig has over 27 years of experience in Class II and Class III gaming. Mr. Loebig is the Principal and a Founder of GLL Consulting, a consulting services company specializing in sales, Marketing and product development and regulatory matters for Class II, Class III, Lottery, Charitable, and Commercial Gaming market segments. Mr. Loebig currently works with Multimedia Games as a consultant, which consulting relationship has been in place since 2008. From 1998 – 2008, Mr. Loebig served in various positions with Multimedia Games, including Executive Vice President – Sales and Interim Chief Executive Officer, on a variety of issues including Class II business strategies and new business development. Mr. Loebig has also held executive management positions at Stuart Entertainment, Inc. (NASDAQ), where he served as that corporation’s Senior Vice President – Market and Product Development, and at Directory Service Company (a private printing, publishing and advertising corporation), where he served as Vice President – Sales and Marketing. Mr. Loebig has a BBA and MBA degree from the University of Iowa.

Mr. Loebig has been a director at Table Trac since June 2011.

When considering whether directors and nominees have the experience, qualifications, attributes and skills to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of the Company’s business and structure, the Board of Directors focuses primarily on the industry and transactional experience, and other background, in addition to any unique skills or attributes associated with a director. With regard to Mr. Goulet, the Board of Directors considered his position as Chief Executive Officer along with his experience and industry knowledge. As for Mr. Hoehne, the Company’s founder and chief technology architect of the Company’s technology products and overall system architecture, his technical expertise and knowledge represents a significant asset in terms of positioning the products for the future. With regard to Mr. Fornetti, the Board of Directors considered his extensive background in corporate governance and finance. With regard to Mr. Loebig, the Board of Directors considered his demonstrated leadership and past experience as a Chief Executive Officer and senior executive in the gaming industry for a

publicly-traded company; along with his regulatory experience as it relates to gaming matters. Finally, with regard to Mr. Browne, the Board of Directors considered his extensive experience in the gaming industry in general and his skills at helping businesses develop a more customer-focused enterprise.

The directors of the Company are elected annually by the stockholders for a term of one year or until their successors are elected and qualified. The board held quarterly conference calls to review the financials and had calls more often as needed to deal with any and all issues as they came up during the year. The board officially meets once a year following the annual stockholders meeting.

## **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

During the past ten years, no officer, director, control person or promoter of the Company has been:

involved in any petition under the federal bankruptcy laws or any state insolvency law that was filed by or against, or a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years, or any corporation or business association of which he was an executive officer at or within two years within the date of this report;

convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities: (1) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity; (2) engaging in any type of business practice; or (3) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;

found by a court of competent jurisdiction in a civil action or by the SEC to have violated any federal or state securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated;

found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of: (1) any federal or state securities or commodities law or regulation; or (2) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (3) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

## **AUDIT COMMITTEE FINANCIAL EXPERT**

The Board of Directors has determined that at least one member of the Audit Committee, Mr. Louis Fornetti, is an “audit committee financial expert” as that term is defined in Regulation S-K promulgated under the Exchange Act. Mr. Fornetti’s relevant experience is detailed above. As noted above, Mr. Fornetti qualifies as an “independent director,” as such term is defined in Section 5605(a)(2) of the Nasdaq Listing Rules, and meets the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act. The Board of Directors has determined each member of the Audit Committee is able to read and understand fundamental financial statements and that at least one member of the Audit Committee has past experience in finance or accounting matters.

## **CODE OF ETHICS**

We have adopted a Code of Ethics that governs the conduct of our officers, directors and employees in order to promote honesty, integrity, loyalty and the accuracy of our financial statements. You may obtain a copy of the Code of Ethics without charge by writing us and requesting a copy, attention: Brian Hinchley, 6101 Baker Road, Suite 206, Minnetonka, Minnesota 55345. You may also request a copy by calling us at (952) 548-8877.

## **COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company’s officers, directors and persons considered to be beneficial owners of more than ten percent of a registered class of the Company’s equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission and Nasdaq. Officers, directors and greater-than-ten-percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to the Company by its officers and directors, or the Company’s actual knowledge of transactions involving such officers and directors, the Company believes that all such filings were filed on a timely basis for fiscal year 2011.

**Item 11.****EXECUTIVE COMPENSATION.****SUMMARY COMPENSATION TABLE**

The following table sets forth the cash and non-cash compensation for awarded to or earned by: (i) each individual who served as the principal executive officer and principal financial officer of Table Trac during the year ended December 31, 2011; and (ii) each other individual that served as an executive officer of Table Trac at the conclusion of the year ended December 31, 2011 and who received more than \$100,000 in the form of salary and bonus during such fiscal year. For purposes of this report, these individuals are collectively the “named executives” of the Company.

Name and Principal Position		Salary	Stock Awards	Stock Option Awards	Total
Chad Hoehne, President	2011	\$268,087	\$-	\$	— \$268,087
	2010	\$332,215	-		— \$332,215
Glenn Goulet, CEO	2011	\$121,369	\$25,000(1)	\$	— \$146,369
	2010(2)	—	—		— —

(1) Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 with respect to a stock grant to the named executive for services during the year indicated.

(2) Mr. Goulet was not an executive officer during 2010.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The Company had no stock awards outstanding at December 31, 2011 for any named executives. The following table sets forth information for options outstanding at December 31, 2011 for our named executives.

**OPTION AWARDS**

Name	Number of Securities underlying unexercised options (#) exercisable	Number of Securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying	Option exercise price (\$)	Option expiration date
------	---	---	---	----------------------------	------------------------

			unexercised unearned options (#)		
Glenn Goulet	50,000	0	0	\$ 1.75	Nov-2016

## **EMPLOYMENT AND CHANGE-IN-CONTROL AGREEMENTS**

We do not currently have any employment or change-in-control agreements with any named executives or any other current members of our executive management.

As of the date of this Annual Report, Table Trac Inc. does not offer its executive employees any pension, annuity, profit sharing or similar benefit plans other than our insurance and Stock Incentive Plan. Executive compensation is subject to change from time to time concurrent with our requirements and policies as established by the Board of Directors and its Compensation Committee.



**COMPENSATION OF DIRECTORS**

Name		Compensation	Other Annual Compensation	Stock Option Awards	Total
Chad Hoehne	2011	\$ -	\$ -	\$ -	\$-
Bob Siqveland <sup>(1)</sup>	2011	-	-	-	-
Glenn Goulet <sup>(2)</sup>	2011	-	-	-	-
Michael Connolly <sup>(3)</sup>	2011	11,500	31,500	-	43,000
Steven Browne <sup>(4)</sup>	2011	9,000	24,000	-	33,000
Louis Fornetti <sup>(5)</sup>	2011	10,500	21,000	-	31,500
Gary Loebig <sup>(6)</sup>	2011	7,500	15,000	-	22,500

(1) Mr. Siqveland resigned from the Board of Directors on December 8, 2011.

(2) Mr. Goulet joined the Board of Directors on December 8, 2011.

(3) Mr. Connolly resigned from the Board of Directors on June 15, 2011.

(4) Mr. Browne joined the Board of Directors on December 16, 2010.

(5) Mr. Fornetti joined the Board of Directors on June 15, 2011.

(6) Mr. Loebig joined the Board of Directors on June 15, 2011.

Company directors are compensated on an annual award approved by the board plus expenses; until the annual award is approved, directors are paid \$1,000 per meeting.

**Item 12. Security Ownership of Certain Beneficial Owners and Management.**

As of the close of business on March 29, 2012, we had outstanding one class of voting securities—common stock—of which there were 4,704,305 shares issued and outstanding. Each share of common stock is currently entitled to one vote on all matters put to a vote of our shareholders. The following table sets forth the number of common shares, and percentage of outstanding common shares, beneficially owned as of March 29, 2012, by:

each person known by the Company to be the beneficial owner of more than five percent of the Company's outstanding common stock

each current director

Edgar Filing: TABLE TRAC INC - Form 10-K

· each executive officer of the Company and other persons identified as a named executive in ITEM 11 above, and all current executive officers and directors as a group.

Unless otherwise indicated, the address of each of the following persons is 6101 Baker Road, Suite 206, Minnetonka, Minnesota 55345, and each such person has sole voting and investment power with respect to the shares set forth opposite his, her or its name.

Name and Address	Common Shares <b>Beneficially Owned</b> <sup>(1)</sup>	Percentage of Common Shares <sup>(1)</sup>	
Chad Hoehne <sup>(2)</sup>	1,306,100	27.76	%
Robert Siqveland <sup>(3)</sup>	205,500	4.37	%
Glenn Goulet <sup>(4)</sup>	100,571	2.14	%
Brian Hinchley <sup>(5)</sup>	10,000	*	
Steve A. Browne, Director <sup>(6)</sup>	16,000	*	
Louis Fornetti, Director <sup>(7)</sup>	21,000	*	
Gary Loebig, Director <sup>(8)</sup>	15,000	*	
All directors and officers as a group <sup>(9)</sup>	1,674,171	35.59	%
Doucet Capital, LLC <sup>(10)</sup> 2204 Lakeshore Drive, Suite 218 Birmingham, AL 35209	417,335	9.10	%

\* denotes less than one percent.

Beneficial ownership is determined in accordance with the rules of the SEC, and includes general voting power and/or investment power with respect to securities. Shares of common stock issuable upon exercise of options or warrants that are currently exercisable or exercisable within 60 days of the record date, and shares of common stock issuable upon conversion of other securities currently convertible or convertible within 60 days, are deemed outstanding for computing the beneficial ownership percentage of the person holding such securities but are not deemed outstanding for computing the beneficial ownership percentage of any other person. Under the applicable (1) SEC rules, each person's beneficial ownership is calculated by dividing the total number of shares with respect to which they possess beneficial ownership by the total number of outstanding shares of the Company. In any case where an individual has beneficial ownership over securities that are not outstanding, but are issuable upon the exercise of options or warrants or similar rights within the next 60 days, that same number of shares is added to the denominator in the calculation described above. Because the calculation of each person's beneficial ownership set forth in the "Percentage of Common Shares" column of the table may include shares that are not presently outstanding, the sum total of the percentages set forth in such column may exceed 100%.

(2) Mr. Hoehne is the President and a director of the Company.

(3) Mr. Siqveland is an officer of the Company and has served as a director.

(4) Mr. Goulet is the Chief Executive Officer and a director of the Company. Shares listed in the table include 50,000 shares issuable upon the exercise of an outstanding option.

(5) Mr. Hinchley is an officer of the Company.

(6) Mr. Browne is a director of the Company.

(7) Mr. Fornetti is a director of the Company.

(8) Mr. Loebig is a director of the Company.

(9) Consists of seven persons: Messrs. Hoehne, Siqveland, Goulet, Hinchley, Browne, Fornetti and Loebig.

(10)

Share figures reflected in the table are based on a February 15, 2011 Schedule 13/G filing with the SEC, which is the Company's most recent and best available information relating to Doucet Capital's ownership of Company common stock. Based on the above-reference Schedule 13/G filing, voting and dispositive power with respect to these shares is exercised by Doucet Asset Management LLC.

**Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.**

**CERTAIN RELATIONSHIPS AND TRANSACTIONS**

None.

**DIRECTOR INDEPENDENCE**

The Company does not have a standing nominating committee. Instead, the entire Board of Directors shares the responsibility of identifying potential director-nominees to serve on the Board of Directors.

The Board of Directors does have a standing Compensation Committee and Audit Committee. The Compensation Committee is composed of Messrs. Browne, Fornetti and Loebig (with Mr. Browne serving as chairperson) . The Audit Committee is composed of Messrs. Fornetti, Browne and Loebig (with Mr. Fornetti serving as chairperson) .. The Board of Directors has determined that Messrs. Browne, Fornetti and Loebig are “independent,” as such term is defined in Section 5605(a)(2) of the Nasdaq Listing Rules, and meets the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act. The preceding disclosure respecting director independence is required under applicable SEC rules. However, as a corporation whose shares are listed for trading on the OTCQB, the Company is not required to have any independent directors at all on its Board of Directors, or any independent directors serving on any particular committees of the Board of Directors.

**Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Our independent registered public accounting firm, Baker Tilly Virchow Krause, LLP, billed for the following services:

	2011	2010
Audit fees, including quarterly review of Form 10-Q	\$46,585	\$27,540
Tax fees	-	-
Audit-related fees	-	-
	\$46,585	\$27,540

The audit fees consisted of fees for the annual audit of the Company’s financial statements and the reviews of financial statements in quarterly reports on Form 10-Q.

During 2010, the shareholders voted two additional board members and the Company now has an audit committee composed of three independent directors. Our board of directors evaluates the scope and cost of the engagement of an auditor before the auditor renders audit and non-audit services. All services provided by the independent auditors during 2011 and 2010 have been approved by the Audit Committee or Board of Directors.

**PART IV**

**Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

**FINANCIAL STATEMENTS**

Included herein at Part II, Item 8, are the Financial Statements and the Report of the Independent Registered Public Accounting Firm.

**EXHIBITS**

Exhibit No.	Description
3.1	Articles of Incorporation, filed with the Nevada Secretary of State on June 2, 1995 (incorporated by reference to Exhibit 3 to the registrant's registration statement on Form 10SB-12G filed on December 6, 1999).
3.2	Amendment to Articles of Incorporation, filed with the Nevada Secretary of State on January 26, 2010 (incorporated by reference to Exhibit 3.2 to the registrant's annual report on Form 10-K filed on March 31, 2011).
3.3	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.3 to the registrant's annual report on Form 10-K filed on March 31, 2011).
31.1	Certification pursuant to Section 302 of the Sarbanes Oxley Act of 2002 ( <i>filed herewith</i> ).
31.2	Certification pursuant to Section 302 of the Sarbanes Oxley Act of 2002 ( <i>filed herewith</i> ).
32	Certification pursuant to Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ( <i>filed herewith</i> ).
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

**SIGNATURES**

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

Dated: March 29, 2012

**TABLE TRAC, INC.**

/s/ Glenn Goulet  
Glenn Goulet, Chief Executive Officer

/s/ Brian Hinchley  
Brian Hinchley, Chief Financial Officer

**DIRECTORS:**

/s/ Steve Browne  
Steve Browne, Director

/s/ Louis Fornetti  
Louis Fornetti, Director

/s/ Gary Loebig  
Gary Loebig, Director

/s/ Glenn Goulet  
Glenn Goulet, Director

/s/ Chad B. Hoehne  
Chad B. Hoehne, Director