

POKER MAGIC INC
Form 10-Q
May 13, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2011

OR

- TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 0-16686

POKER MAGIC, INC.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of incorporation or
organization)

20-4709758
(I.R.S. Employer Identification No.)

130 West Lake Street, Suite 300, Wayzata, MN
(Address of Principal Executive Offices)

(952) 473-3442
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed from last report)

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 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 Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of May 12, 2011 there were 11,032,224 shares of the issuer's common stock, \$0.001 par value, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Poker Magic, Inc.
(A Development Stage Company)
Balance Sheets

	March 31, 2011 (unaudited)	December 31, 2010 (audited)
ASSETS		
Current Assets		
Cash	\$ 13,854	\$ 3,081
Total Current Assets	13,854	3,081
Total Assets	\$ 13,854	\$ 3,081
Liabilities and Shareholders' Deficit		
Current Liabilities		
Accounts payable	\$ 2,880	\$ 8,823
Accrued royalty	270	270
Note payable related party – short-term	147,200	94,800
Interest payable	6,650	4,027
Total Current Liabilities	157,000	107,920
Long-Term Liabilities		
Notes payable related party – long-term	-	11,200
Total Long-Term Liabilities	157,000	11,200
Total Liabilities	157,000	119,120
Commitments and contingencies		
Shareholders' Deficit		
Common Stock, \$.001 par value: Authorized 250,000,000 shares:		
Issued and outstanding 11,032,224 and 11,008,224 shares on March 31, 2011 and December 31, 2010, respectively.	11,032	11,008
Additional paid-in capital	726,308	714,332
Deficit accumulated during the development stage	(880,486)	(841,379)
Total Shareholders' Deficit	(143,146)	(116,039)
Total Liabilities and Shareholders' Deficit	\$ 13,854	\$ 3,081

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

Poker Magic, Inc.
(A Development Stage Company)
Statements of Operations
(unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Period from January 10, 2006 (inception) to March 31, 2011
Revenues	\$ -	\$ 1,200	\$ 12,375
Cost of revenues	-	2,128	61,800
Gross loss	-	(928)	(49,425)
Operating expenses:			
Selling, general and administrative	35,284	37,379	819,414
Operating Loss	(35,284)	(38,307)	(868,839)
Other Income (Expense)			
Interest income	-	-	2,203
Interest expense	(3,823)	(1,434)	(13,850)
Total Other Income (Expense)	(3,823)	(1,434)	(11,647)
Net Loss	\$ (39,107)	\$ (39,741)	\$ (880,486)
Basic and diluted net loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.11)
Weighted-average number of common shares outstanding	11,008,224	9,963,224	8,280,616

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

Poker Magic, Inc.
(A Development Stage Company)
Statements of Cash Flows
(unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Period from January 10, 2006 (inception) to March 31, 2011
Cash flows from operating activities:			
Net loss	\$ (39,107)	\$ (39,741)	\$ (880,486)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of intangible asset	-	2,068	38,599
Impairment of inventory and intangible assets	-	-	4,379
Common stock issued for services	-	-	6,500
Consulting service expense paid in stock	-	-	134,341
Officers compensation expense paid in stock	12,000	12,000	170,000
Officers compensation expense as contributed capital	-	-	50,000
Changes in operating assets and liabilities:			
Accounts receivable	-	(225)	-
Inventory	-	-	(871)
Prepaid expense	-	-	5,434
Accounts payable	(5,943)	10,606	2,880
Accrued royalty	-	60	270
Interest payable	3,823	1,434	13,850
Deferred revenue	-	(975)	-
Net cash used in operating activities	(29,227)	(14,773)	(455,104)
Cash flows from investing activities:			
Acquisition of Select Video assets	-	-	(17,000)
Net cash used in investing activities	-	-	(17,000)
Cash flows from financing activities:			
Proceeds from subscription receivable	-	-	14,000
Proceeds from issuance of common stock	-	-	426,000
Redemption of common stock	-	-	(91,667)
Proceeds from note payable related party	40,000	10,000	140,000
Payment of short-term debt	-	-	(2,375)
Net cash provided by financing activities	40,000	10,000	485,958
Net increase (decrease) in cash	10,773	(4,773)	(13,854)
Cash, beginning of the period	3,081	5,464	-
Cash, end of the period	\$ 13,854	\$ 691	\$ 13,854

Non-cash investing and financing activities:

Acquisition of certain assets and liabilities of Select Video in exchange for common stock

Inventory	\$ -	\$ -	\$ 750
Intangible Asset	-	-	24,357
Accounts Payable	-	-	(32,000)
Note Payable	-	-	(7,084)
Accrued interest converted into note payable	1,200	-	7,200
Stock issued in lieu of cash for note payable	-	-	19,709
Stock issued in lieu of cash for prepaid services	-	-	175,400
Stock subscriptions received for common stock	-	-	14,000

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