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IGAMES ENTERTAINMENT INC
Form 8-K/A
March 17, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A
AMENDMENT NO. 1

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Earliest Event Reported
January 6, 2004

IGAMES ENTERTAINMENT, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Nevada

(STATE OR OTHER JURISDICTION OF INCORPORATION OF ORGANIZATION)

000-49723

(COMMISSION FILE NUMBER)

88-0501468

(IRS EMPLOYER IDENTIFICATION NUMBER)

700 South Henderson Road, Suite 210
King of Prussia, Pennsylvania 19406

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (610) 354-8888

(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT.)

GENERAL EXPLANATION

The purpose of this Report is to amend the Registrant's Current Report on Form 8-K dated January 6, 2004 that was filed with the Securities and Exchange Commission on January 21, 2004 (the "Initial Report") which reported on

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the acquisition of Available Money, Inc. This Report amends the Initial Report so as to provide the information required under Item 7(a) and 7(b) of Form 8-K.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Business Acquired

Audited Financial Statements of Available Money, Inc.

Independent Auditors' Report

Balance Sheets Dated as of December 31, 2003 and December 31, 2002

Statements of Operations for the Years ended December 31, 2003 and December 31, 2002

Statements of Cash Flows for the Years Ended December 31, 2003 and December 31, 2002 Notes to Financial Statements

(b) Pro Forma Financial Statements of Business Acquired

Unaudited Pro Forma Combined Financial Statements of Available Money, Inc.

Unaudited Pro Forma Combined Balance Sheet December 31, 2003

Unaudited Pro Forma Statements Of Operations for the Year Ended March 31, 2003

Unaudited Pro Forma Statements Of Operations for the Nine Months Ended December 31, 2003

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(a) Financial Statements of Business Acquired

AUDITED FINANCIAL STATEMENTS OF AVAILABLE MONEY, INC.

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SHERB & CO., LLP

805 Third Avenue New York, NY 10022

Voice: 212 838-5100

Fax: 212 838-2676

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Available Money, Inc.

We have audited the accompanying balance sheets of Available Money, Inc., (an S Corporation) as of December 31, 2003 and 2002, and the related statements of operations and retained earnings 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Available Money, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Sherb & Co., LLP
Certified Public Accountants

New York, New York
February 6, 2004

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AVAILABLE MONEY, INC.
BALANCE SHEETS

	December 31,	
	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,602	\$ 62,385
Commission receivable	48,241	66,135
Advances to shareholder	-	104,757

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Total current assets	86,843	233,277
Property and equipment, net	54,314	-
Cash surrender value of life insurance	35,590	-
Deposits	26,500	33,314
	<u>\$203,247</u>	<u>\$266,591</u>
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 15,256	\$ 712
Due to shareholder	128,500	133,758
Total current liabilities	<u>143,756</u>	<u>134,470</u>
Stockholders' equity:		
Common stock, \$1.00 par value, 75,000 shares authorized; 200 shares issued and outstanding	200	200
Additional Paid-in Capital	3,160	3,160
Retained Earnings	56,131	128,761
Total stockholders' equity	<u>59,491</u>	<u>132,121</u>
	<u>\$203,247</u>	<u>\$266,591</u>
	=====	=====

See notes to financial statements.

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AVAILABLE MONEY, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Years Ended December 31,	
	2003	2002
Revenues	\$ 615,742	\$ 569,405
Selling, general and administrative expenses	153,888	151,941
Net income	461,854	417,464
Retained earnings, beginning of year	128,761	-
Less distributions	(534,484)	(288,703)
Retained earnings, end of year	<u>\$ 56,131</u>	<u>\$ 128,761</u>
	=====	=====

See notes to financial statements.

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AVAILABLE MONEY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2003	2002
	-----	-----
Cash flows from operating activities:		
Net income	\$ 461,854	\$ 417,464
Adjustments used to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	13,580	3,104
Cash surrender value of life insurance	(35,590)	-
Increase (decrease) in:		
Accounts payable	14,545	(1,576)
(Increase) decrease in:		
Commission receivable	17,893	(66,134)
Deposits	6,814	19,153
	-----	-----
Net cash provided by operating activities	479,096	372,011
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment	(67,894)	(3,104)
	-----	-----
Cash flows from financing activities:		
Advances to shareholder	104,757	(26,114)
Distributions to owners	(534,484)	(288,703)
Due to shareholder	(5,258)	(26,742)
	-----	-----
Net cash used by financing activities	(434,985)	(341,559)
	-----	-----
NET INCREASE (DECREASE) IN CASH	(23,783)	27,348
CASH, beginning of year	62,385	35,037
	-----	-----
CASH, end of year	\$ 38,602	\$ 62,385
	=====	=====
Supplemental disclosures:		
Cash paid during the year for interest	\$ -	\$ -
	=====	=====

See notes to financial statements.

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AVAILABLE MONEY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

1. ORGANIZATION

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Available Money, Inc. ("Available Money", or the "Company"), a Nevada corporation, was organized in April 1998 as a limited liability company. On July 25, 2002 the Company changed its business structure to an S Corporation; see Note 2 under "income taxes" for further discussion.

Available Money is a sales and marketing company for the automated teller machine ("ATM") business throughout the United States. The Company is currently contracted with approximately 20 businesses, primarily gaming establishments, to provide and service ATMs. As a result of these contracts, the Company has approximately 100 ATMs in service at these locations. The Company has an agreement with Midwest Payment Systems, Inc. "MPS", a subsidiary of Fifth Third Bank, pursuant to which MPS purchases the ATMs and also provides the necessary processing services for each machine. In essence, the Company is acting as a broker between the gaming establishments and MPS. As a result of the acquisition, which occurred subsequent to year-end, the Company plans on purchasing and servicing the ATMs directly, eliminating the need for MPS, see Note 6 "Subsequent Events" for further discussion.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all highly-liquid investments with an original maturity date of three months or less to be cash equivalents.

b. REVENUE RECOGNITION

Revenue is recorded each month as it is earned. Each month the Company receives a wire transfer from MPS, representing approximately 45% of the net profit from the cooperative agreement between Available Money and MPS. Net profit consists of interchange and surcharge fees received, less operating expenses. Operating expenses consist of telecommunication charges, cash replenishment services, repairs and maintenance expenses, costs of funds, payments to landlord, depreciation and other miscellaneous expenses. As new management plans on purchasing and servicing all the ATMs directly in the subsequent year, the Company will change its revenue recognition policy from net to gross. Interchange and surcharge fees from each ATM and the corresponding expenses will be recorded directly as revenues and expenses of the Company.

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AVAILABLE MONEY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

c. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, commission receivable and accounts payable approximate their carrying amounts because of the short maturities of these instruments.

d. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, and depreciation is provided by use of straight-line and accelerated methods over the estimated useful lives of the assets.

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e. IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets to assess recoverability from future operations using undiscounted cash flows. When necessary, charges for impairments of long-lived assets are recorded for the amount by which the present value of future cash flows exceeds the carrying value of these assets.

f. INCOME TAXES

The shareholders of Available Money elected to be taxed as an S Corporation, as defined in the Internal Revenue Code. Such status was also elected for state tax purposes. Under this status, taxable income is passed through and taxed at the shareholder level, rather than at the corporate level.

The Company was taxed as a partnership until July 25, 2002, when the Company changed its ownership structure from a Limited Liability Corporation (LLC) to an S Corporation. The change in the Company's tax status did not have a material effect on the financial statements. On July 25, 2002 the partners received a distribution representing all accumulated earnings of the Company up to that date. The retained earnings balance at December 31, 2002 represents earnings of the Company from July 25, 2002 through December 31, 2002.

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AVAILABLE MONEY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

g. USE OF ESTIMATES

Preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America 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 balance sheets and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. PROPERTY AND EQUIPMENT

The major classes of property and equipment at December 31, 2003 and 2002 are as follows:

	Estimated Life	2003	2002
Equipment	5 years	\$ 67,894	\$ -
Furniture	5 - 7 years	3,104	3,104
		70,998	3,104
Less accumulated depreciation		(16,684)	(3,104)
		\$ 54,314	\$ -

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Depreciation expense, for property and equipment, for the years ended December 31, 2003 and 2002 was \$13,580 and \$3,104 respectively.

4. LIFE INSURANCE

The Company is the beneficiary of an insurance policy on the life of a corporate officer. At December 31, 2003 and 2002, the cash surrender values of the policy were \$35,590 and 0, respectively.

5. RELATED PARTY TRANSACTIONS

At December 31, 2002 the Company was owed \$104,757 from a 50% shareholder. This amount was taken as a distribution in 2003 by that shareholder. At December 31, 2003 and 2002 the Company owed the other 50% shareholder \$128,500 and \$133,758 respectively. Amounts due from and due to shareholders are non-interest bearing cash advances.

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AVAILABLE MONEY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

6. SUBSEQUENT EVENTS

On January 6, 2004, pursuant to the terms of a Stock Purchase Agreement between iGames Entertainment, Inc. ("iGames"), a Nevada Corporation, Helene Regen and Samuel Freshman, iGames acquired all of the issued and outstanding shares of capital stock of Available Money, Inc. iGames provides financial services, primarily automated teller machine ("ATM"), credit card advances and check cashing, to customers at gaming establishments. The purchase price of this transaction was \$6,000,000, \$2,000,000 of which was paid in cash at closing, \$2,000,000 of which is due in cash on or before March 6, 2004, and \$2,000,000 of which is due in cash or, at the election of iGames, by issuance of 1,470,589 shares of iGames common stock on the earlier of (i) the closing of iGames' acquisition of Chex Services, Inc., (ii) the termination of that proposed transaction or (iii) June 30, 2004. The Stock Purchase Agreement provides for adjustment of the purchase price in the event that certain of Available Money's customer contracts do not renew or that the former stockholders of Available Money do not provide iGames with assistance in obtaining renewals of such contracts. The primary assets acquired as a result of this transaction are Available Money's contracts to provide automatic teller machines to 18 customers, 15 of which are traditional casino operations. The former stockholders of Available Money retain the right to receive all payments subsequent to the closing date that relate to services provided by Available Money through December 31, 2003 and are jointly and severally liable for all costs and expenses incurred by Available Money relating to services rendered on or before December 31, 2003.

The cash portion of the purchase price was and will be financed by a \$4,000,000 loan to iGames from Chex Services, Inc.

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(b) Pro Forma Financial Statements of Business Acquired

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Combined Financial Statements of iGames Entertainment, Inc. ("iGames") and Money Centers of America, Inc. ("Money Centers") and Available Money, Inc. ("Available Money") gives effect to the

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merger between iGames and Money Centers and the acquisition of Available Money under the purchase method of accounting prescribed by Accounting Principles Board Opinion No. 16, Business Combinations. These Pro Forma statements are presented for illustrative purposes only. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable. The Unaudited Pro Forma Combined Financial Statements do not purport to represent what the results of operations or financial position of iGames would actually have been if the merger had in fact occurred on April 1, 2002 nor do they purport to project the results of operations or financial position of iGames for any future period or as of any date, respectively. The acquisition of Money Centers by iGames has been accounted for as a reverse acquisition under the purchase method for business combinations. The combination of the two companies is recorded as a recapitalization of Money Centers pursuant to which Money Centers is treated as the continuing entity. Accordingly, the operations presented in the unaudited pro forma statement of operations include only the historical operations of Money Centers and Available Money. Accordingly, the operations for iGames for the year ended March 31, 2003 and for the nine months ended December 31, 2003, have not been presented.

These Unaudited Pro Forma Combined Financial Statements do not give effect to any restructuring costs or to any potential cost savings or other operating efficiencies that could result from the merger between iGames, Money Centers and Available Money.

You should read the financial information in this section along with iGames's historical financial statements and accompanying notes in prior Securities and Exchange Commission filings and in this amended Current Report on Form 8-K.

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iGAMES ENTERTAINMENT, INC. UNAUDITED PRO FORMA COMBINED BALANCE SHEET DECEMBER 31, 2003

	Available Money, Inc.	Money Centers	iGames	A ----- Debit -----
	-----	-----	-----	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,602	\$ 245,999	\$ 27,398	
Restricted cash	-	1,675,953	150,000	
Accounts receivable	48,241	28,695	10,060	
Inventory	-	-	132,348	
Deferred acquisition costs	-	-	160,000	
Prepaid expenses and other current assets ..	-	250,231	-	
	-----	-----	-----	
Total current assets	86,843	2,200,878	479,806	
Property and equipment, net	54,314	417,306	7,123	
Intangible assets, net	-	42,360	426,085	(2) 5,940,5
Cash surrender value of life insurance	35,590	-	-	
Deposits	26,500	-	4,865	
Deferred financing costs	-	141,607	-	
	-----	-----	-----	

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\$ 203,247 \$ 2,802,151 \$ 917,879
 ===== ===== =====

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Accounts payable	\$ 15,256	\$ 95,415	\$ 133,590
Accrued expenses	-	132,037	168,048
Current portion of capital lease	-	16,521	-
Notes payable	-	-	18,500
Notes payable - acquisition	-	-	-
Lines of credit	-	2,210,417	375,276
Due to shareholders	128,500	100,000	-
Commissions payable	-	97,200	-
	-----	-----	-----
Total current liabilities	143,756	2,651,590	695,414

Capital lease - 47,795 -

Stockholder's equity:

Preferred stock, Series A, \$.001 par value, 5,000,000, shares authorized 1,351,640 shares issued and outstanding, each share of Series A Preferred stock is convertible into 10 shares of common stock	-	-	-	
Common stock, \$.004 par value, 50,000,000 shares authorized; 3,966,291 shares issued and outstanding	200	1	15,865	(1)
Additional paid-in capital	3,160	142,000	4,746,554	(1) 4,541,3
Deferred compensation	-	-	(6,250)	(2) 3,1
Retained earnings (deficit)	56,131	(39,235)	(4,533,704)	(2) 56,1
	-----	-----	-----	
Total stockholder's equity	59,491	102,766	222,465	

\$ 203,247 \$ 2,802,151 \$ 917,879
 ===== ===== =====

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iGAMES ENTERTAINMENT, INC.
 UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
 YEAR ENDED MARCH 31, 2003

	Available Money	Money Centers	Pro Forma Adjustments	
	-----	-----	Debit	Credit
	-----	-----	-----	-----
Revenues	\$ 614,329	\$ 3,179,035		(a) 8,669,
Operating expenses	-	2,470,630	(a) 8,038,119	
	-----	-----		
Gross Profit	614,329	708,405		
Selling, general and administrative expenses	214,562	766,470		

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	-----	-----
Income from operations	399,767	(58,065)
Other income (expenses):		
Interest expense, net	-	(17,588)
	-----	-----
	-	(17,588)
	-----	-----
Net income	\$ 399,767	\$ (75,653)
	=====	=====

Net income per common share-basic

Net income per common share-diluted

Weighted average common shares outstanding
-Basic

Weighted average common shares outstanding
-Diluted

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iGAMES ENTERTAINMENT, INC.
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
NINE MONTHS ENDED DECEMBER 31, 2003

	Available	Money	Pro Forma	
	Money	Centers	Debit	Credi
	-----	-----	-----	-----
Revenues	\$ 471,548	\$ 4,857,133		(a) 7,360,
Operating expenses	-	3,859,592	(a) 6,875,555	
	-----	-----		
Gross Profit	471,548	997,541		
Selling, general and administrative expenses	125,237	806,685		
	-----	-----		
Income from operations	346,311	190,856		
Other income (expenses):				
Gain on forgiveness of debt	-	494,470		
Interest expense, net	-	(163,069)		
Gain on disposal of fixed assets	-	3,263		
	-----	-----		
	-	334,664		

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	-----	-----
Net income	\$ 346,311	\$ 525,520
	=====	=====
Net income per common share-basic		
Net income per common share-diluted		
Weighted average common shares outstanding		
-Basic		
Weighted average common shares outstanding		
-Diluted		

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Pro Forma Adjustments:

(1) To record the reverse acquisition between iGames and Money Centers whereby Money Centers is treated as the continuing accounting entity.

(2) To give effect to the acquisition of Available Money as of December 31, 2003, for \$6,000,000, a summary of the transaction is as follows:

Purchase Price	\$6,000,000
Fair Market Value of the Assets Acquired ..	(203,247)
Liabilities Assumed	143,756

Intangible Assets Acquired	\$5,940,509
	=====

Adjustment to the statements of operations for the year ended March 31, 2003 and for the nine months ended December 31, 2003:

(a) To reflect revenues and cost of sales at gross due to Money Centers assuming the contractual servicing of all ATMs internally, thereby changing the revenue recognition policy from net to gross.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IGAMES ENTERTAINMENT, INC.

By: /s/ Christopher M. Wolfington
Name: Christopher M. Wolfington

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Title: President and Chief Executive Officer

Date: March 17, 2004

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