

MONEY CENTERS OF AMERICA, INC.
Form 10-Q
May 20, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2008

OR

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

For the transition period from _____ to _____

Commission File No. 000-49723

Money Centers of America, Inc.

(Exact Name of Small Business Issuer as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

23-2929364
(I.R.S. Employer Identification No.)

700 South Henderson Road, Suite 325, King of Prussia, PA 19406
(Address of Principal Executive Offices)

(610) 354-8888
(Issuer's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act 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 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," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One)

Large Accelerated Filer Yes No Accelerated Filer Yes No
Non-Accelerated Filer Yes No Smaller Reporting Company Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.

Yes [] No [X]

As of May 15, 2008 31,751,832 shares of the registrant's common stock, par value \$0.01 per share, were issued and outstanding.

MONEY CENTERS OF AMERICA, INC.
QUARTERLY PERIOD ENDED MARCH 31, 2008
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MONEY CENTERS OF AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2008 (Unaudited)	December 31, 2007
Current assets:		
Restricted cash	\$ 1,693,436	\$ 2,527,631
Accounts receivable	15,596	15,140
Prepaid expenses and other current assets	491,960	373,913
Total current assets	2,200,992	2,916,684
Property and equipment, net	768,508	812,832
Other assets:		
Intangible assets, net	1,521,957	1,320,175
Deferred financing costs, net	425,644	568,772
Deposits	55,397	55,397
Total other assets	2,002,998	1,944,344
Total assets	\$ 4,972,498	\$ 5,673,860

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Accounts payable	\$ 401,060	\$ 486,964
Deferred revenue	722,655	360,000
Accrued interest	174,433	112,377
Accrued expenses	557,344	791,976
Current portion of capital lease	119,740	125,720
Notes payable	2,503,065	2,504,190
Notes payable, related party	5,040,864	-
Lines of credit	2,037,469	2,474,219
Due to officer	429,872	195,125
Commissions payable	696,083	638,825
Total current liabilities	12,682,585	7,689,396
Long-term liabilities:		
Capital lease, net of current portion	491,427	522,581
Note payable, related party	-	5,040,864
Total long-term liabilities	491,427	5,563,445
Total Liabilities	13,174,012	13,252,841
Stockholders' Deficit:		

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Preferred stock; \$.001 par value, 20,000,000 shares authorized		
none issued and outstanding	-	-
Common stock; \$.01 par value, 150,000,000 shares authorized		
31,751,832 shares issued and outstanding	317,518	317,518
Additional paid-in capital	16,631,608	16,503,838
Accumulated deficit	(25,150,640)	(24,400,337)
Total stockholders' deficit	(8,201,514)	(7,578,981)
Total liabilities and stockholders' deficit	\$ 4,972,498	\$ 5,673,860

See accompanying notes to unaudited consolidated financial statements.

MONEY CENTERS OF AMERICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2008	2007
Revenues	\$ 2,387,188	\$ 2,169,683
Cost of revenues	1,907,059	1,703,219
Gross profit	480,129	466,464
Operating expenses:		
Selling, general and administrative expenses (includes equity compensation of \$127,700 and \$585,995 for the three months ended March 31, 2008 and 2007 respectively)	648,977	1,113,379
Depreciation and amortization	220,264	222,532
Total operating loss	(389,112)	(869,447)
Other income (expenses):		
Interest income	6,005	4,386
Interest expense	(367,195)	(368,119)
Total interest expense, net	(361,190)	(363,733)
Other income	-	9,788
Total other income	-	9,788
Net loss	\$ (750,302)	\$ (1,223,392)
Net loss per common share - basic and diluted	\$ (0.02)	\$ (0.04)
Weighted Average Common Shares Outstanding -Basic and diluted	31,751,832	30,769,853

See accompanying notes to unaudited consolidated financial statements.

MONEY CENTERS OF AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (750,302)	\$ (1,223,392)
Adjustments used to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	220,264	222,532
Issuance of warrants for services	127,770	-
Issuance of common stock for services	-	990
Issuance of stock options for services and stock options vested	-	585,005
Changes in operating assets and liabilities:		
Increase (decrease) in:		
Accounts payable	(85,904)	(29,541)
Accrued interest	62,056	42,877
Accrued expenses	10,368	(40,947)
Deferred revenue	362,655	-
Commissions payable	57,258	(26,831)
(Increase) decrease in:		
Prepaid expenses and other current assets	(118,047)	(21,490)
Accounts receivable	(456)	11,713
Net cash used in operating activities	(114,338)	(479,084)
Cash flows from investing activities:		
Purchases of property and equipment	(31,970)	(12,445)
Cash paid for acquisition and intangible assets	(202,625)	(48,750)
Net cash used in investing activities	(234,595)	(61,195)
Cash flows from financing activities:		
Net change in lines of credit	(436,751)	(643,489)
Payments on capital lease obligations	(37,133)	-
Advances to officer	(10,253)	(13,098)
Proceeds from notes payable	-	72,329
Payments on notes payable	(1,125)	-
Exercise of stock options and warrants	-	621
Net cash used in financing activities	(485,262)	(583,637)
NET DECREASE IN CASH	(834,195)	(1,123,916)
CASH, beginning of period	2,527,631	4,619,383