

GLOBAL CASINOS INC  
Form 10-Q  
November 22, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2010

**OR**

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
EXCHANGE ACT**

For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 0-15415

**GLOBAL CASINOS, INC.**

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

\_\_\_\_\_ Utah \_\_\_\_\_ 87-0340206  
(State or other jurisdiction I.R.S. Employer  
of incorporation or organization) Identification number

1507 Pine Street, Boulder, CO 80302  
(Address of Principal Executive Offices)

Issuer's telephone number: (303) 527-2903

Former name, former address, and former fiscal year, if changed since last report

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 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 definition of large accelerated filer, 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 Exchange Act). Yes  No .

As of November 22, 2010, the Registrant had 6,420,488 shares of its Common Stock outstanding.

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**PART 1. FINANCIAL INFORMATION**

**Item 1.**

**Financial Statements**

The consolidated financial statements included herein have been prepared by Global Casinos, Inc. (the Company), pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such SEC rules and regulations. In the opinion of management of the Company the accompanying statements contain all adjustments necessary to present fairly the financial position of the Company as of September 30, 2010 and June 30, 2010, and its results of operations for the three month periods ended September 30, 2010 and 2009, its statements of stockholders' equity for the period July 1, 2009 through September 30, 2010, and its cash flows for the three month periods ended September 30, 2010 and 2009. The results for these interim periods are not necessarily indicative of the results for the entire year. The accompanying financial statements should be read in conjunction with the financial statements and the notes thereto filed as a part of the Company's annual report on Form 10-K.

**GLOBAL CASINOS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

September 30, 2010

June 30, 2010

**ASSETS**

## Current Assets

Cash and cash equivalents	\$ 745,098	\$ 578,584
Accrued gaming income	48,158	294,061
Inventory	22,636	22,636
Prepaid expenses and other current assets	81,326	90,027
Trading securities	120,000	-
Total current assets	1,017,218	985,308

## Land, building and improvements, and equipment:

Land	517,950	517,950
Building and improvements	4,138,220	4,137,271
Equipment	3,147,762	3,186,475
Total land, building and improvements, and equipment	7,803,932	7,841,696
Accumulated depreciation	(4,836,875)	(4,795,894)
Land, building and improvements, and equipment, net	2,967,057	3,045,802

Goodwill	1,008,496	1,008,496
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Total assets	\$ 4,992,771	\$ 5,039,606
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*See accompanying notes to these consolidated financial statements*

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**GLOBAL CASINOS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

CONTINUED FROM PREVIOUS PAGE

	<i>September 30,</i> <i>2010</i>	<i>June 30, 2010</i>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable, trade	\$ 75,558	\$ 89,745
Accounts payable, related parties	6,722	11,410
Accrued expenses	323,520	334,859
Accrued interest	12,093	11,121
Other current liabilities	101,279	99,298
Joint venture obligation	25,750	25,750
Current portion of long-term debt	860,252	913,479
Current portion of loan participation obligations	28,164	27,335
Total current liabilities	1,433,338	1,512,997
Long-term debt, less current portion	162,552	165,002
Loan participation obligations, less current portion	217,927	225,287
Convertible debt	120,000	-
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: 10,000,000 shares authorized		
Series A - no dividends, \$2.00 stated value, non-voting, 2,000,000 shares authorized, 200,500 shares issued and outstanding	401,000	401,000



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Series B - 8% cumulative, convertible, \$10.00 stated value, non-voting,		
400,000 shares authorized, no shares issued and outstanding	-	-
Series C - 7% cumulative, convertible, \$1.20 stated value, voting		
600,000 shares authorized, no shares issued and outstanding	-	-
Series D - 8% cumulative, convertible, \$1.00 stated value, non-voting		
1,000,000 shares authorized, 700,000 shares issued and outstanding	700,000	700,000
Series E - convertible, \$0.25 stated value, non-voting		
600,000 shares authorized, no shares issued and outstanding	-	-
Common stock - \$0.05 par value; 50,000,000 shares authorized; 6,420,488 and 5,955,215 shares issued and outstanding	321,025	321,025
Additional paid-in capital	14,183,355	14,183,355
Accumulated deficit	(12,546,426)	(12,469,060)
Total equity	3,058,954	3,136,320
Total liabilities and stockholders' equity	\$ 4,992,771	\$ 5,039,606

*See accompanying notes to these consolidated financial statements*

**GLOBAL CASINOS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*for the three months ended September 30, 2010 and 2009*

	2010	2009
Revenues:		
Casino	\$ 1,492,314	\$ 1,721,262
Promotional allowances	(40,215)	(40,204)
Net Revenues	1,452,099	1,681,058
Expenses:		
Casino operations	1,434,230	1,462,551
Operating, general, and administrative	51,680	35,709
Loss on asset disposals	232	-
	1,486,142	1,498,260
Income (loss) from operations	(34,043)	182,798
Other income (expense):		
Interest	(29,012)	(37,353)
Income (loss) before provision for income taxes	(63,055)	145,445
Provision for income taxes	-	-
Net income (loss)	(63,055)	145,445
Series D Preferred dividends	(14,311)	(14,311)
Net income (loss) attributable to common shareholders	\$ (77,366)	\$ 131,134
Earnings (loss) per common share:		
Basic	\$ (0.01)	\$ 0.02
Diluted	\$ (0.01)	\$ 0.02

Weighted average shares outstanding:

Basic	6,420,488	5,994,710
Diluted	6,420,488	6,033,216

*See accompanying notes to these consolidated financial statements*

**GLOBAL CASINOS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
**July 1, 2009 through September 30, 2010**

	SERIES A PREFERRED STOCK		SERIES D PREFERRED STOCK		COMMON STOCK		Additional Paid In Capital	Accumulate (Deficit)
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount		
Balance as of June 30, 2009	200,500	\$ 401,000	700,000	\$ 700,000	5,955,215	\$ 297,761	\$ 14,085,449	(11,301,61
Cashless exercise of stock options by officer	-	-	-	-	77,273	3,864	(3,864)	.
Common stock issued for retainer under consulting agreement	-	-	-	-	10,000	500	3,000	.
Common stock issued under loan participation agreement	-	-	-	-	50,000	2,500	16,500	.
Common stock issued to director under loan participation agreement	-	-	-	-	3,000	150	1,020	.
Common stock issued to officers and directors	-	-	-	-	325,000	16,250	81,250	.
Series D Preferred dividends	-	-	-	-	-	-	-	(56,77
Net loss	-	-	-	-	-	-	-	(1,110,66
Balance as of June 30,	200,500	\$ 401,000	700,000	\$ 700,000	6,420,488	\$ 321,025	\$ 14,183,355	(12,469,06

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2010

Series D  
Preferred  
dividends

Net loss

Balance as of  
September  
30, 2010

-	-	-	-	-	-	-	-	(14,31
-	-	-	-	-	-	-	-	(63,05
200,500	\$ 401,000	700,000	\$ 700,000	6,420,488	\$ 321,025	\$ 14,183,355	(12,546,42	

*See accompanying notes to these consolidated financial statements*

**GLOBAL CASINOS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*for the three months ended September 30, 2010 and 2009*

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (63,055)	\$ 145,445
Adjustments to reconcile net income (loss) to net cash		
provided by operating activities		
Depreciation and amortization	115,799	144,225
Loss on disposals of fixed assets	232	-
Changes in operating assets and liabilities		
Accrued gaming income	245,903	(64,390)
Other current assets	8,701	2,204
Accounts payable and accrued expenses	(30,369)	(54,293)
Accrued interest	972	-
Other current liabilities	1,981	(17,978)
Net cash provided by operating activities	280,164	191,169
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of trading securities	(120,000)	-
Purchases of building improvements and equipment	(37,286)	(43,937)
Net cash used in investing activities	(157,286)	(43,937)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds upon issuance of convertible debt	120,000	-
Principal payments on long-term debt	(55,677)	(36,771)
Payments on loan participation obligations	(6,531)	-
Payment of Series D preferred stock dividends	(14,156)	(14,156)
Net cash provided by (used in) financing activities	43,636	(50,927)
Net increase in cash	166,514	96,305
Cash at beginning of period	578,584	1,205,880
Cash at end of period	\$ 745,098	\$ 1,302,185
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 28,078	\$ 36,089
Cash paid for income taxes	\$ -	\$ -

SUPPLEMENTAL SCHEDULE OF NON-CASH  
INVESTING AND

FINANCING ACTIVITIES

Accrued and unpaid dividends on Series D preferred stock	\$	14,311	\$	14,311
Cashless exercise of stock options by officer	\$	-	\$	3,864

*See accompanying notes to these consolidated financial statements*

**GLOBAL CASINOS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2010**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Global Casinos, Inc. (Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Organization and Consolidation**

Global Casinos, Inc. (the "Company" or "Global"), a Utah corporation, operates two gaming casinos.

As of September 30, 2010, the Company's operating subsidiaries were Casinos USA, Inc. ("Casinos USA," a Colorado corporation), which owns