

# NEVADA GOLD & CASINOS INC

## FORM 8-K/A

(Amended Current report filing)

Filed 07/24/09 for the Period Ending 05/12/09

Address	50 BRIAR HOLLOW LANE, SUITE 500W HOUSTON, TX 77027
Telephone	(713) 621-2245
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SIC Code	7990 - Miscellaneous Amusement And Recreation
Industry	Casinos & Gaming
Sector	Services
Fiscal Year	04/24

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

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WASHINGTON, D.C. 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 Report (date of earliest event reported):

May 12, 2009

NEVADA GOLD & CASINOS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

1-15517

(Commission File Number)

88-0142032

(I.R.S. Employer Identification No.)

50 Briar Hollow Lane, Suite 500W  
Houston, Texas

(Address of principal executive offices)

77027

(Zip Code)

(713) 621-2245

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.01. Completion of Acquisition**

On May 12, 2009, Nevada Gold & Casinos, Inc. (the “Company”) announced that it had completed its acquisition (the “Acquisition”) of three casinos in the state of Washington. The casinos are the Crazy Moose Casino, located in Pasco, the Coyote Bob's Roadhouse Casino, located in Kennewick, and the Crazy Moose Casino, located in Mountlake Terrace in close proximity to Seattle. On May 18, 2009, the Company filed a Current Report on Form 8-K (the “Current Report”) to report the completion of the Acquisition. Under the applicable rules promulgated by the Securities and Exchange Commission, the Company may file the financial statements and pro forma information required by Item 9.01 by filing an amendment to the Current Report not later than 71 calendar days after the date the Current Report was filed. The sole purpose of this Amendment No. 1 to the Current Report is to file the financial statements and pro forma information required by Item 9.01.

## **Item 9.01. Financial Statements and Exhibits**

### **(a) Financial Statements of Businesses Acquired**

The following financial statements are attached hereto as Exhibit 99.2 and incorporated herein by reference:

- Independent Auditors' Report
- Balance Sheets of Crazy Moose Casino, Inc. for the years ended December 31, 2008 and December 31, 2007
- Statements of Income and Retained Earnings of Crazy Moose Casino, Inc. for the years ended December 31, 2008 and December 31, 2007
- Statements of Cash Flows of Crazy Moose Casino, Inc. for the years ended December 31, 2008 and December 31, 2007
- Notes to Financial Statements of Crazy Moose Casino, Inc. for the years ended December 31, 2008 and December 31, 2007
- Independent Auditors' Report
- Balance Sheets of Crazy Moose Casino II, Inc. for the years ended December 31, 2008 and December 31, 2007
- Statements of Income and Retained Earnings of Crazy Moose Casino II, Inc. for the years ended December 31, 2008 and December 31, 2007
- Statements of Cash Flows of Crazy Moose Casino II, Inc. for the years ended December 31, 2008 and December 31, 2007
- Notes to Financial Statements of Crazy Moose Casino II, Inc. for the years ended December 31, 2008 and December 31, 2007
- Independent Auditors' Report
- Balance Sheets of Coyote Bob's, Inc. for the years ended December 31, 2008 and December 31, 2007
- Statements of Income and Retained Earnings of Coyote Bob's, Inc. for the years ended December 31, 2008 and December 31, 2007
- Statements of Cash Flows of Coyote Bob's, Inc. for the years ended December 31, 2008 and December 31, 2007
- Notes to Financial Statements of Coyote Bob's, Inc. for the years ended December 31, 2008 and December 31, 2007

### **(b) Unaudited Pro Forma Financial Information**

The following pro forma financial information is attached hereto as Exhibit 99.3 and incorporated herein by reference.

- Unaudited Pro Forma Condensed Combined Balance Sheet as of the fiscal year April 30, 2009
  - Unaudited Pro Forma Condensed Combined Statement of Operations for the fiscal year ended April 30, 2009
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**(d) Exhibits**

- 2.1 (1) Asset Purchase Agreement and Exhibits dated March 12, 2009 among Crazy Moose Casino, Inc., Crazy Moose Casino II, Inc., Coyote Bob's, Inc. and Gullwing III, LLC, as sellers, and NG Washington, LLC, as purchaser
- 23.1 Consent of Fullaway Lamphear and Sauve, PLLC
- 99.1\* Press Release dated May 12, 2009 reporting the completion of the Acquisition
- 99.2 Financial Statements listed in Item 9.01(a)
- 99.3 Unaudited Pro Forma Financial Information listed in Item 9.01(b)

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(1) Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 13, 2009.

\* Previously furnished as Exhibit 99.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 18, 2009.

**SIGNATURE**

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 who is duly authorized.

NEVADA GOLD & CASINOS, INC.

Date: July 24, 2009

By: /s/ James J. Kohn  
James J. Kohn  
Executive Vice President and CFO

**INDEX TO EXHIBITS**

<u>Item</u>	<u>Exhibit</u>
2.1 (1)	Asset Purchase Agreement and Exhibits dated March 12, 2009 among Crazy Moose Casino, Inc., Crazy Moose Casino II, Inc., Coyote Bob's, Inc. and Gullwing III, LLC, as sellers, and NG Washington, LLC, as purchaser
23.1	Consent of Fullaway Lamphear and Sauve, PLLC
99.1*	Press Release dated May 12, 2009 reporting the completion of the Acquisition
99.2	Financial Statements listed in Item 9.01(a)
99.3	Unaudited Pro Forma Financial Information listed in Item 9.01(b)

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(1) Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 13, 2009.

\* Previously furnished as Exhibit 99.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 18, 2009.

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**CONSENT OF INDEPENDENT ACCOUNTANTS**

We consent to the incorporation of our reports, dated March 18, 2009, with respect to the financial statements of Crazy Moose Casino, Inc., Crazy Moose Casino II, Inc. and Coyote Bob's, Inc., as of December 31, 2008 and 2007, included in this Current Report on Form 8-K/A of Nevada Gold & Casinos, Inc. dated July 24, 2009.

/s/ FULLAWAY LAMPHEAR & SAUVE PLLC  
Fife, Washington  
July 24, 2009

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**CRAZY MOOSE CASINO, INC.**  
(An S Corporation)

Financial Statements  
and Additional Information

December 31, 2008 and 2007

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## INDEPENDENT AUDITORS' REPORT

March 18, 2009

To the Board of Directors  
Crazy Moose Casino, Inc.  
Auburn, Washington

We have audited the accompanying balance sheets of Crazy Moose Casino, Inc. (a Washington S Corporation) as of December 31, 2008 and 2007, and the related statements of income 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 audit.

We conducted our audit in accordance with United States of America generally accepted auditing standards. 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 audit provides 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 Crazy Moose Casino, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with United States of America generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The detail of general and administrative expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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**CRAZY MOOSE CASINO, INC.**  
BALANCE SHEETS

**ASSETS**

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Cash	\$ 866,038	\$ 808,030
Cash - restricted	27,356	24,588
Inventory	61,934	60,431
Prepaid expenses	33,104	37,353
Total current assets	<u>988,432</u>	<u>930,402</u>
<b>Property and Equipment:</b>		
Computers and equipment	324,193	283,938
Vehicles	10,511	10,511
Leasehold improvements	19,167	5,108
	<u>353,871</u>	<u>299,557</u>
Less: Accumulated depreciation	211,495	170,328
	<u>142,376</u>	<u>129,229</u>
<b>Total Assets</b>	<u>\$ 1,130,808</u>	<u>\$ 1,059,631</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<i>December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 83,413	\$ 59,935
Accrued business and payroll taxes	198,880	207,934
Accrued wages	108,881	105,879
Accrued other liabilities	24,561	33,325
Player supported jackpot deposit	27,356	24,588
Line of credit	150,000	-
Total current liabilities	<u>593,091</u>	<u>431,661</u>
<b>Stockholders' Equity:</b>		
Common stock, no par value, 10,000 shares authorized, issued and outstanding	-	-
Retained earnings	537,717	627,970
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 1,130,808</u>	<u>\$ 1,059,631</u>

**CRAZY MOOSE CASINO, INC.**  
STATEMENTS OF INCOME AND RETAINED EARNINGS

	<i>For the Years Ended December 31,</i>			
	2008		2007	
<b>Revenue:</b>				
Card room	\$ 5,581,888	74.1%	\$ 5,947,395	77.2%
Food and beverage	1,107,525	14.7	1,157,509	15.0
Pull-tab	607,052	8.1	489,666	6.4
Other	<u>235,667</u>	<u>3.1</u>	<u>106,108</u>	<u>1.4</u>
	<u>7,532,132</u>	<u>100.0</u>	<u>7,700,678</u>	<u>100.0</u>
<b>General and Administrative Expenses</b>	<u>6,428,727</u>	<u>85.4</u>	<u>6,293,667</u>	<u>81.8</u>
<b>Income from Operations</b>	1,103,405	14.6	1,407,011	18.2
<b>Interest Expense</b>	<u>4,072</u>	<u>-</u>	<u>2,736</u>	<u>-</u>
<b>Net Income</b>	<u>\$ 1,099,333</u>	<u>14.6%</u>	<u>\$ 1,404,275</u>	<u>18.2%</u>
<b>Retained Earnings, January 1</b>	\$ 627,970		\$ 439,978	
<b>Net Income</b>	1,099,333		1,404,275	
<b>Distributions to Stockholders</b>	<u>(1,189,586)</u>		<u>(1,216,283)</u>	
<b>Retained Earnings, December 31</b>	<u>\$ 537,717</u>		<u>\$ 627,970</u>	

**CRAZY MOOSE CASINO, INC.**  
STATEMENTS OF CASH FLOWS

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 1,099,333	\$ 1,404,275
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	41,167	34,842
(Increase) decrease in:		
Inventory	(1,503)	(14,076)
Prepaid expenses	4,249	4,312
Increase (decrease) in:		
Accounts payable	23,478	6,216
Accrued business and payroll taxes	(9,054)	10,784
Accrued wages	3,002	8,055
Accrued other liabilities	(8,764)	11,975
Player supported jackpot deposit	2,768	7,450
<b>Net Cash Provided by Operating Activities</b>	<u>1,154,676</u>	<u>1,473,833</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(54,314)	(91,580)
<b>Net Cash Used by Investing Activities</b>	<u>(54,314)</u>	<u>(91,580)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from line of credit	150,000	-
Repayments of notes payable - stockholders	-	(3,045)
Distributions to stockholders	(1,189,586)	(1,216,283)
<b>Net Cash Used by Financing Activities</b>	<u>(1,039,586)</u>	<u>(1,219,328)</u>
<b>Net Increase in Cash</b>	60,776	162,925
<b>Cash - Beginning of Year</b>	<u>832,618</u>	<u>669,693</u>
<b>Cash - End of Year</b>	<u>\$ 893,394</u>	<u>\$ 832,618</u>

**CRAZY MOOSE CASINO, INC.**  
**DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>For the Years Ended December 31,</i>			
	2008		2007	
Salaries and wages	\$ 2,513,291	33.4%	\$ 2,337,961	30.4%
Food and beverage	757,982	10.1	743,305	9.7
Licensing and business taxes	747,550	9.9	779,645	10.1
Pull-tab prizes	464,832	6.2	361,603	4.7
Rent	404,385	5.4	546,938	7.1
Payroll taxes	413,479	5.5	431,981	5.6
Advertising	222,985	3.0	179,286	2.3
Equipment leases	141,156	1.9	140,022	1.8
Supplies	122,593	1.6	136,702	1.8
Utilities	89,933	1.2	93,435	1.2
Repairs and maintenance	70,431	0.9	64,550	0.8
Office	68,654	0.9	60,632	0.8
Insurance	53,843	0.7	54,968	0.7
Pull-tabs	52,411	0.7	49,615	0.6
Bank charges	50,011	0.7	43,763	0.6
Depreciation	41,167	0.5	34,842	0.5
Comps and discounts	33,707	0.5	34,611	0.5
Dues and subscriptions	30,869	0.4	30,297	0.4
Professional fees	35,025	0.5	26,098	0.3
Guest entertainment	25,250	0.3	47,907	0.6
Employee benefits	22,370	0.3	15,505	0.2
Shuttle	9,879	0.1	12,919	0.2
China and smallwares	9,578	0.1	8,325	0.1
Uniforms	9,135	0.1	11,747	0.2
Laundry and linens	8,659	0.1	10,139	0.1
Security	8,460	0.1	8,604	0.1
Travel	8,122	0.1	10,166	0.1
Merchandise	4,909	0.1	3,904	0.1
NSF checks	4,363	0.1	10,890	0.2
Contributions	3,698	-	3,307	-
	<u>\$ 6,428,727</u>	<u>85.4%</u>	<u>\$ 6,293,667</u>	<u>81.8%</u>

**CRAZY MOOSE CASINO, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

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**NOTE 1: Nature of Operations and Significant Accounting Policies**

*Nature of operations:*

The Company provides gaming and food and beverage services through the ownership and operation of a casino located in Pasco, Washington. The major source of the Company's revenues is derived from gaming operations.

*Use of estimates:*

The preparation of financial statements in conformity with 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.

*Casino revenue:*

Casino revenue is the net win from gaming activities, which is the difference between gaming wins and losses.

*Property and equipment:*

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged directly to the appropriate operating account at the time the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

*Advertising costs:*

The Company expenses advertising costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expense for the years ended December 31, 2008 and 2007, was \$222,985 and \$179,286, respectively.

*Inventory:*

Inventory is stated at lower of cost or market using the first-in, first-out (FIFO) method, and consists primarily of food and beverage items.

*Pull-tab revenue:*

Pull-tab revenue is recorded on gross cash receipts from closed games and games still in play. Pull-tab revenue is reported to taxing authorities on gross cash receipts from closed games resulting in temporary differences. The difference in pull-tab revenue recorded and pull-tab revenue reported to taxing authorities for the years ended December 31, 2008 and 2007, was \$1,672 and \$1,983, respectively.

*Promotional allowances:*

Promotional allowances represent goods and services, which would be accounted for as revenue if sold, that a casino gives to customers as an inducement to gamble at that establishment. Revenue does not include the retail amount of merchandise, food, and beverage provided gratuitously to customers, which was \$495,683 and \$490,320 for the years ended December 31, 2008 and 2007, respectively.

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**CRAZY MOOSE CASINO, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 1: Nature of Operations and Significant Accounting Policies (continued)**

*Reclassification:*

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

*Federal income tax:*

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. The stockholders will be taxed personally on the Company's income. Therefore, a provision for federal income tax has not been provided. It is anticipated that dividends will be paid to the shareholders for any related income taxes.

**NOTE 2: Line of Credit**

The Company has a line of credit with available borrowing of up to \$150,000 to fund operating expenses. Interest is charged at the Wall Street Journal Prime Rate and is payable on a monthly basis. The outstanding balance at December 31, 2008 and 2007 was \$150,000 and \$0, respectively. The line of credit expires August 2009.

**NOTE 3: Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of temporary cash investments within one financial institution. From time to time, the Company has deposits within one financial institution that exceed the federally insured limit of \$250,000.

**NOTE 4: Cash Flow Information**

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

The Company had no non-cash transactions for the years ended December 31, 2008 and 2007.

Cash paid for interest and income taxes for the years ended December 31, 2008 and 2007, was as follows:

	<u>2008</u>	<u>2007</u>
Interest	\$ 4,072	\$ 2,736
Federal income tax	\$ -	\$ -

(continued)

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**CRAZY MOOSE CASINO, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 5: Restricted Cash**

Restricted cash consists of funds the Company has collected from card players to conduct a player supported jackpot (PSJ).

**NOTE 6: Operating Leases**

As of December 31, 2008 and 2007, the Company was obligated under the following operating leases:

*Related party:*

The Company has a lease for its building with a limited liability company owned by the Company's stockholders. The lease payments are triple net payable in monthly installments of \$18,085, increasing annually, and expire in September 2011. Rent paid on the lease to the limited liability company for the years ended December 31, 2008 and 2007, totaled \$218,634 and \$212,275, respectively.

The Company also leases its corporate office on a month-to-month basis from the same limited liability company. The lease payments are triple net payable in monthly installments of \$13,726. Rent paid to the limited liability company for the years ended December 31, 2008 and 2007, totaled \$174,296 and \$323,157, respectively. Included in accrued other liabilities at December 31, 2008 and 2007, is rent payable of \$0 and \$18,239, respectively.

*Operating leases:*

The Company leases a parking lot on a month-to-month basis. The total lease payments are \$500 per month. Rent paid for the parking lot lease for the years ended December 31, 2008 and 2007, totaled \$6,275 and \$6,000, respectively.

The Company also leases miscellaneous gaming equipment from various companies on a month-to-month basis. The total lease payments vary from month to month. Rent expense for the miscellaneous gaming equipment for the years ended December 31, 2008 and 2007, totaled \$146,336 and \$145,528, respectively.

The future minimum lease payments related to the above leases are as follows:

<i>Years ending December 31,</i>	
2009	\$ 225,000
2010	232,000
2011	178,000
	<hr/>
	\$ 635,000

**NOTE 7: Subsequent Event**

As of March 12, 2009, the company entered into an agreement to sell its assets to Nevada Gold & Casinos, Inc., a public entity traded on the New York Stock Exchange under ticker UWN. The closing date for the sale is expected to take 60-90 days from the date the agreement was signed.

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***CRAZY MOOSE CASINO, INC.***

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 8: Related Party**

The Company and its related parties (Crazy Moose Casino II, Inc. and Coyote Bob's, Inc.) have created a Washington State limited liability company (LLC) organized in accordance with Washington Administrative Code (WAC) 458-20-111 - Advances and Reimbursements. The LLC was created to centralize and allocate common expenses incurred by the Company and its related parties mentioned above. Included in salaries and payroll taxes were reimbursements of \$66,595 and \$0, of which \$6,350 and \$0, are included in accrued wages for the years ended December 31, 2008 and 2007, respectively. Included in miscellaneous general and administrative expenses were reimbursements of \$20,289 and \$0, of which \$5,773 and \$0, are included in accounts payable for the years ended December 31, 2008 and 2007, respectively.

*(concluded)*

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CRAZY MOOSE CASINO II, INC.  
(An S Corporation)

Financial Statements  
and Additional Information

December 31, 2008 and 2007

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## INDEPENDENT AUDITORS' REPORT

March 18, 2009

To the Board of Directors  
Crazy Moose Casino II, Inc.  
Auburn, Washington

We have audited the accompanying balance sheets of Crazy Moose Casino II, Inc. (a Washington S Corporation) as of December 31, 2008 and 2007, and the related statements of income 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 audit.

We conducted our audit in accordance with United States of America generally accepted auditing standards. 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 audit provides 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 Crazy Moose Casino II, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with United States of America generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The details of general and administrative expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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**CRAZY MOOSE CASINO II, INC.**  
BALANCE SHEETS

**ASSETS**

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Cash	\$ 471,637	\$ 556,168
Cash - restricted	12,849	23,552
Inventory	34,681	37,050
Prepaid expenses	<u>21,946</u>	<u>26,852</u>
<b>Total current assets</b>	<u>541,113</u>	<u>643,622</u>
<b>Property and Equipment</b>		
Equipment	54,438	-
Less: Accumulated depreciation	<u>(4,394)</u>	<u>-</u>
	50,044	-
<b>Total Assets</b>	<u>\$ 591,157</u>	<u>\$ 643,622</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 53,956	\$ 32,127
Accrued business and payroll taxes	186,259	193,451
Accrued wages	84,713	97,546
Accrued other liabilities	9,192	17,142
Player supported jackpot deposit	12,849	23,552
Current portion of long-term debt	<u>82,448</u>	<u>163,000</u>
<b>Total current liabilities</b>	<u>429,417</u>	<u>526,818</u>
<b>Long-Term Debt:</b>		
Notes payable - related party	82,448	251,726
Less: Current portion included above	<u>82,448</u>	<u>163,000</u>
	-	<u>88,726</u>
<b>Stockholders' Equity:</b>		
Common stock, \$1 par value, 50,000 shares authorized, issued and outstanding	50,000	50,000
Additional paid-in-capital	252,414	252,414
Retained deficit	<u>(140,674)</u>	<u>(274,336)</u>
	161,740	28,078
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 591,157</u>	<u>\$ 643,622</u>

**CRAZY MOOSE CASINO II, INC.**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**

	<i>For the Years Ended December 31,</i>		<i>2008</i>		<i>2007</i>	
<b>Revenue:</b>						
Card room	\$ 5,194,579	86.8%	\$ 5,573,181		84.8%	
Pull-tab	279,297	4.6	487,701		7.4	
Food and beverage	422,751	7.1	419,896		6.4	
Other	89,597	1.5	90,734		1.4	
	5,986,224	100.0	6,571,512		100.0	
<b>General and Administrative Expenses</b>	5,286,454	88.3	5,547,199		84.5	
<b>Income from Operations</b>	699,770	11.7	1,024,313		15.5	
<b>Interest Expense</b>	15,542	0.3	30,732		0.5	
<b>Net Income</b>	\$ 684,228	11.4%	\$ 993,581		15.0%	
<b>Retained Deficit, January 1</b>	\$ (274,336)		\$ (459,490)			
<b>Net Income</b>	684,228		993,581			
<b>Distributions to Stockholders</b>	(550,566)		(808,427)			
<b>Retained Deficit, December 31</b>	\$ (140,674)		\$ (274,336)			

**CRAZY MOOSE CASINO II, INC.**  
STATEMENT OF CASH FLOWS

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 684,228	\$ 993,581
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,394	-
(Increase) decrease in:		
Inventory	2,369	8,727
Prepaid expenses	4,906	1,116
Increase (decrease) in:		
Accounts payable	21,829	(1,847)
Accrued business and payroll taxes	(7,192)	15,512
Accrued wages	(12,833)	11,625
Accrued other liabilities	(7,950)	3,766
Player supported jackpot deposit	(10,703)	17,817
<b>Net Cash Provided by Operating Activities</b>	<u>679,048</u>	<u>1,050,297</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(54,438)	-
<b>Net Cash Used by Investing Activities</b>	<u>(54,438)</u>	<u>-</u>
<b>Cash Flows from Financing Activities:</b>		
Repayments of notes payable - related parties	(169,278)	(163,430)
Distributions to stockholders	(550,566)	(808,427)
<b>Net Cash Used by Financing Activities</b>	<u>(719,844)</u>	<u>(971,857)</u>
<b>Net (Decrease) Increase in Cash</b>	(95,234)	78,440
<b>Cash - Beginning of Year</b>	<u>579,720</u>	<u>501,280</u>
<b>Cash - End of Year</b>	<u>\$ 484,486</u>	<u>\$ 579,720</u>

**CRAZY MOOSE CASINO II, INC.**  
**DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>For the Years Ended December 31,</i>			
	<i>2008</i>		<i>2007</i>	
Salaries and wages	\$ 2,207,878	36.9%	\$ 2,114,478	32.2%
Rent	703,352	11.7	855,715	13.0
Licensing and business taxes	668,399	11.2	721,976	11.0
Food and beverage	405,681	6.8	410,885	6.3
Payroll taxes	391,287	6.5	398,234	6.0
Advertising	234,724	3.9	157,526	2.4
Pull-tab prizes	216,668	3.6	381,523	5.8
Supplies	137,715	2.3	127,806	2.0
Utilities	77,122	1.3	75,902	1.3
Insurance	37,825	0.6	38,760	0.6
Repairs and maintenance	35,476	0.6	83,665	1.3
Office	28,965	0.5	24,472	0.4
Professional fees	35,188	0.6	31,338	0.5
Dues and subscriptions	23,730	0.4	22,097	0.3
Employee benefits	20,042	0.3	13,601	0.1
Printing and reproduction	17,491	0.3	6,516	0.1
Pull-tabs	16,563	0.3	29,437	0.4
Comps and discounts	10,874	0.2	7,556	0.1
Bank charges	10,546	0.2	12,610	0.2
Security	7,938	0.1	13,074	0.2
Depreciation	4,394	0.1	-	0.0
Political Contributions	1,000	0.0	-	0.0
Travel and entertainment	154	0.0	10,734	0.2
NSF checks	(6,558)	(0.1)	9,294	0.1
	<u>\$ 5,286,454</u>	<u>88.3%</u>	<u>\$ 5,547,199</u>	<u>84.5%</u>

**CRAZY MOOSE CASINO II, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

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**NOTE 1: Nature of Operations and Significant Accounting Policies**

*Nature of operations:*

The Company provides gaming and food and beverage services through the ownership and operation of a casino located in Mountlake Terrace, Washington. The major source of the Company's revenues is derived from gaming operations.

*Use of estimates:*

The preparation of financial statements in conformity with 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.

*Casino revenue:*

Casino revenue is the net win from gaming activities, which is the difference between gaming wins and losses.

*Advertising costs:*

The company expenses advertising costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expense for the years ended December 31, 2008 and December 31, 2007, was \$234,724 and \$157,526, respectively.

*Inventory:*

Inventory is stated at lower of cost or market using the first-in, first-out (FIFO) method, and consists primarily of food and beverage items.

*Pull-tab revenue:*

Pull-tab revenue is recorded on gross cash receipts from closed games and games still in play. Pull-tab revenue is reported to taxing authorities on gross cash receipts from closed games resulting in temporary differences. The difference in pull-tab revenue recorded and pull-tab revenue reported to taxing authorities for the years ended December 31, 2008 and 2007, was \$8,102 and \$2,973, respectively.

*Promotional allowances:*

Promotional allowances represent goods and services, which would be accounted for as revenue if sold, that a casino gives to customers as an inducement to gamble at that establishment. Revenue does not include the retail amount of merchandise, food, and beverage provided gratuitously to customers, which was \$419,840 and \$399,274 for the years ended December 31, 2008 and 2007, respectively.

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**CRAZY MOOSE CASINO II, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 1: Nature of Operations and Significant Accounting Policies (continued)**

*Federal income tax:*

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. The stockholders will be taxed personally on the Company's income. Therefore, a provision for federal income tax has not been provided. It is anticipated that dividends will be paid to the shareholders for any related income taxes.

**NOTE 2: Long-Term Debt**

The details of long-term debt as of December 31, are as follows:

	<u>2008</u>	<u>2007</u>
<i>Notes payable related party:</i>		
Note payable to a limited liability company owned by the Company's stockholders, payable in monthly installments totaling \$14,104, bearing interest at 9%, unsecured, due in full June 2009	\$ 82,448	\$ 236,658
Note payable to a limited liability company owned by two of the Company's stockholders, payable in monthly installments totaling \$1,038, bearing interest at 9%, unsecured, due in full September 2008	-	9,000
Note payable to a limited liability company owned by two of the Company's stockholders, payable in monthly installments totaling \$1,038, bearing interest at 9%, unsecured, due in full June 2008	-	6,068
	<u>\$ 82,448</u>	<u>\$ 251,726</u>

For the years ended December 31, 2008 and 2007, interest expense related to the above related party notes payable was \$15,542 and \$30,732, respectively.

Aggregate annual principal payments applicable to long-term debt for the years subsequent to December 31, 2008, are as follows:

<i>Years ending December 31,</i>	
2009	<u>82,448</u>
	<u>\$ 82,448</u>

(continued)

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**CRAZY MOOSE CASINO II, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 3: Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of temporary cash investments within one financial institution. From time to time, the Company has deposits within one financial institution that exceed the federally insured limit of \$250,000.

**NOTE 4: Cash Flow Information**

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

The Company had no non-cash transactions for the years ended December 31, 2008 and 2007.

Cash paid for interest and income taxes in the years ended December 31, 2008 and 2007, was as follows:

	<u>2008</u>	<u>2007</u>
Interest	\$ 15,542	\$ 30,732
Federal income tax	\$ -	\$ -

**NOTE 5: Restricted Cash**

Restricted cash consists of funds the Company has collected from card players to conduct a player supported jackpot (PSJ).

**NOTE 6: Operating Leases**

As of December 31, 2008 and 2007, the Company was obligated under the following operating leases:

*Related party:*

The Company has a lease for its building improvements with a limited liability company owned by the Company's stockholders. The lease is payable in monthly installments of \$5,763, and expires in May 2009. Rent paid on the lease to the limited liability company totaled \$69,161 for the years ended December 31, 2008 and 2007.

The Company also leases its furniture, fixtures, and equipment from the same limited liability company. The lease is payable in monthly installments of \$12,876, and expires in May 2009. Rent paid on the lease to the limited liability company totaled \$154,511 for the years ended December 31, 2008 and 2007.

The Company also leases its corporate office on a month-to-month basis from the same limited liability company. The lease payments are triple net and are payable in monthly installments of \$11,292. Rent paid to the limited liability company for the years ended December 31, 2008 and 2007, totaled \$153,012 and \$305,555, respectively. Included in accrued other liabilities at December 31, 2008 and 2007, is rent payable of \$0 and \$12,971, respectively.

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**CRAZY MOOSE CASINO II, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 6: Operating Leases (continued)**

*Operating leases:*

The Company has a lease for its building. The lease payments are triple net payable in monthly installments of \$11,902 increasing annually by the greater of the Consumer Price Index or 3%, and expire in May 2009. The lease contains a two year renewal option and subsequently, a five year renewal option under the same terms and conditions of the original lease, except for the minimum rent, which shall be in accordance with market rent at the time of renewal. Rent expense for the building lease for the years ended December 31, 2008 and 2007, totaled \$182,688 and \$172,758, respectively.

The Company also leases miscellaneous gaming and other equipment from various companies on a month-to-month basis. The total lease payments vary from month to month. Rent expense for the miscellaneous gaming equipment for the years ended December 31, 2008 and 2007, totaled 137,349 and \$157,620, respectively.

The future minimum lease payments related to the above leases are as follows:

<i>Years ending December 31,</i>	
2009	153,000
	<u>\$ 153,000</u>

**NOTE 7: Subsequent Event**

As of March 12, 2009, the company entered into an agreement to sell its assets to Nevada Gold & Casinos, Inc., a public entity traded on the New York Stock Exchange under ticker UWN. The closing date for the sale is expected to take 60-90 days from the date the agreement was signed.

**NOTE 8: Related Party**

The Company and its related parties (Crazy Moose Casino, Inc. and Coyote Bob's, Inc.) have created a Washington State limited liability company (LLC) organized in accordance with Washington Administrative Code (WAC) 458-20-111 - Advances and Reimbursements. The LLC was created to centralize and allocate common expenses incurred by the Company and its related parties mentioned above. Included in salaries and payroll taxes were reimbursements of \$81,370 and \$0, of which \$2,974 and \$0, are included in accrued wages for the years ended December 31, 2008 and 2007, respectively. Included in miscellaneous general and administrative expenses were reimbursements of \$9,428 and \$0, of which \$5,773 and \$0, are included in accounts payable for the years ended December 31, 2008 and 2007, respectively.

*(concluded)*

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COYOTE BOB'S, INC.  
(An S Corporation)

Financial Statements  
and Additional Information

December 31, 2008 and 2007

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## INDEPENDENT AUDITORS' REPORT

March 18, 2009

To the Board of Directors  
Coyote Bob's, Inc.  
Auburn, Washington

We have audited the accompanying balance sheets of Crazy Moose Casino, Inc. (a Washington S Corporation) as of December 31, 2008 and 2007, and the related statements of income 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 audit.

We conducted our audit in accordance with United States of America generally accepted auditing standards. 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 audit provides 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 Crazy Moose Casino, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with United States of America generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The detail of general and administrative expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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**COYOTE BOB'S, INC.**  
**BALANCE SHEETS**

**ASSETS**

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Cash	\$ 333,819	\$ 347,213
Inventory	29,067	26,025
Prepaid expenses	22,448	19,936
Employee advances	-	100
Total current assets	<u>385,334</u>	<u>393,274</u>
<b>Property and Equipment:</b>		
Computers and equipment	86,520	49,343
Leasehold improvements	2,153	2,153
	<u>88,673</u>	<u>51,496</u>
Less: Accumulated depreciation	(28,267)	(15,401)
	<u>60,406</u>	<u>36,095</u>
<b>Total Assets</b>	<u>\$ 445,740</u>	<u>\$ 429,369</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 34,755	\$ 14,394
Accrued wages	53,276	52,873
Accrued business and payroll taxes	103,197	104,253
Accrued other liabilities	5,553	15,631
Current portion of long-term debt	-	22,584
Total current liabilities	<u>196,781</u>	<u>209,735</u>
<b>Long-Term Debt:</b>		
Notes payable - related party	-	22,584
Less: Current portion included above	-	22,584
	<u>-</u>	<u>-</u>
<b>Stockholders' Equity:</b>		
Common stock, \$1 par value, 50,000 shares authorized, 30 shares issued and outstanding	30	30
Retained earnings	248,929	219,604
	<u>248,959</u>	<u>219,634</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 445,740</u>	<u>\$ 429,369</u>

**COYOTE BOB'S, INC.**  
STATEMENTS OF INCOME AND RETAINED EARNINGS

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	<i>For the Years Ended December 31,</i>			
	<u>2008</u>		<u>2007</u>	
<b>Revenue:</b>				
Card room	\$ 3,145,340	77.6%	\$ 3,310,293	77.8%
Pull-tab	424,649	10.5	538,314	12.7
Food and beverage	392,200	9.7	346,790	8.2
Other	<u>89,167</u>	<u>2.2</u>	<u>57,937</u>	<u>1.3</u>
	4,051,356	100.0	4,253,334	100.0
<b>General and Administrative Expenses</b>	<u>3,412,966</u>	<u>84.3</u>	<u>3,438,083</u>	<u>80.9</u>
<b>Income from Operations</b>	638,390	15.7	815,251	19.1
<b>Interest Expense</b>	<u>(654)</u>	<u>0.0</u>	<u>(4,266)</u>	<u>(0.1)</u>
<b>Net Income</b>	<u>\$ 637,736</u>	<u>15.7%</u>	<u>\$ 810,985</u>	<u>19.0%</u>
<b>Retained Earnings, January 1</b>	\$ 219,604		\$ 103,164	
<b>Net Income</b>	637,736		810,985	
<b>Distributions to Stockholders</b>	<u>(608,411)</u>		<u>(694,545)</u>	
<b>Retained Earnings December 31</b>	<u>\$ 248,929</u>		<u>\$ 219,604</u>	

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**COYOTE BOB'S, INC.**  
STATEMENTS OF CASH FLOWS

	<i>For the Years Ended December 31,</i>	
	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 637,736	\$ 810,985
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,866	6,838
(Increase) decrease in:		
Inventory	(3,042)	9,854
Prepaid expenses	(2,512)	(4,376)
Employee advances	100	(100)
Increase (decrease) in:		
Accounts payable	20,361	(9,731)
Accrued wages	403	5,514
Accrued business and payroll taxes	(1,056)	525
Accrued other liabilities	(10,078)	(2,610)
<b>Net Cash Provided by Operating Activities</b>	<u>654,778</u>	<u>816,899</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(37,177)	(28,324)
<b>Net Cash Used by Investing Activities</b>	<u>(37,177)</u>	<u>(28,324)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from notes payable - related party	-	30,082
Repayments of notes payable - related party	(22,584)	(70,435)
Distributions to stockholders	(608,411)	(694,545)
<b>Net Cash Used by Financing Activities</b>	<u>(630,995)</u>	<u>(734,898)</u>
<b>Net (Decrease) Increase in Cash</b>	(13,394)	53,677
<b>Cash - Beginning of Year</b>	<u>347,213</u>	<u>293,536</u>
<b>Cash - End of Year</b>	<u>\$ 33,819</u>	<u>\$ 347,213</u>

**COYOTE BOB'S, INC.**  
**DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>For the Years Ended December 31,</i>			
	<u>2008</u>		<u>2007</u>	
Salaries and wages	\$ 1,273,692	31.4%	\$ 1,180,465	27.8%
Rent	371,128	9.2	500,862	11.8
Licensing and business taxes	426,684	10.5	448,240	10.5
Pull-tab prizes	292,255	7.2	366,951	8.6
Food and beverage	288,416	7.1	249,252	5.9
Payroll taxes	194,461	4.8	208,512	4.9
Advertising	181,092	4.5	168,093	4.0
Repairs and maintenance	64,676	1.6	38,310	0.9
Supplies	63,375	1.6	71,297	1.7
Utilities	45,264	1.1	44,716	1.1
Pull-tabs	38,033	0.9	31,553	0.7
Professional fees	30,647	0.8	14,547	0.3
Insurance	26,566	0.7	20,982	0.5
Telecheck and credit card fees	20,544	0.5	26,710	0.6
Office	16,173	0.4	9,337	0.2
NSF checks	15,682	0.4	12,532	0.3
Bank charges	14,908	0.4	14,717	0.3
Depreciation	12,866	0.3	6,838	0.2
Printing and reproduction	12,102	0.3	7,291	0.2
Dues and subscriptions	9,905	0.2	8,705	0.2
Employee benefits	7,546	0.2	1,059	0.0
Security	6,451	0.2	7,114	0.2
Political Contributions	500	0.0	-	0.0
	<u>\$ 3,412,966</u>	<u>84.3%</u>	<u>\$ 3,438,083</u>	<u>80.9%</u>

**COYOTE BOB'S, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

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**NOTE 1: Nature of Operations and Significant Accounting Policies**

*Nature of operations:*

The Company provides gaming and food and beverage services through the ownership and operation of a casino located in Kennewick, Washington. The major source of the Company's revenues is derived from gaming operations.

*Use of estimates:*

The preparation of financial statements in conformity with 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.

*Card room revenue:*

Cardroom revenue is the net win from gaming activities, which is the difference between gaming wins and losses.

*Property and equipment:*

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged directly to the appropriate operating account at the time the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

*Advertising costs:*

The Company expenses advertising costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expense for the years ended December 31, 2008 and 2007, was \$181,092 and \$168,093, respectively.

*Inventory:*

Inventory is stated at lower of cost or market using the first-in, first-out (FIFO) method, and consists primarily of food and beverage items.

*Pull-tab revenue:*

Pull-tab revenue is recorded on gross cash receipts from closed games and games still in play. Pull-tab revenue is reported to taxing authorities only on cash receipts from closed games. The difference in pull tab revenue reported to taxing authorities and pull tab revenue recorded for the years ended December 31, 2008 and 2007 was \$1,408 and \$2,006, respectively.

*Promotional allowances:*

Promotional allowances represent goods and services, which would be accounted for as revenue if sold, that a casino gives to customers as an inducement to gamble at that establishment. Revenue does not include the retail amount of merchandise, food, and beverage provided gratuitously to customers, which was \$105,554 and \$78,009 for the years ended December 31, 2008 and 2007, respectively.

(continued)

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**COYOTE BOB'S, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 1: Nature of Operations and Significant Accounting Policies (continued)**

*Federal Income Tax:*

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. The stockholders will be taxed personally on the Company's income. Therefore, a provision for federal income tax has not been provided. It is anticipated that dividends will be paid to the shareholders for any related income taxes.

**NOTE 2: Long-Term Debt**

The details of long term-debt as of December 31, are as follows:

	<u>2008</u>	<u>2007</u>
Note payable to a limited liability company owned by the Company's stockholders, payable in monthly installments totaling \$3,323, bearing interest at 9%, unsecured, maturing July 2008	-	22,584
	<u>\$ -</u>	<u>\$ 22,584</u>

For the years ended December 31, 2008 and 2007, interest expense related to the above related party notes payable was \$654 and \$4,266, respectively.

**NOTE 3: Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of temporary cash investments within one financial institution. From time to time, the Company has deposits within one financial institution that exceeds the federally insured limit of \$250,000.

**NOTE 4: Cash Flow Information**

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

The Company had no non-cash transactions for the years ended December 31, 2008 and 2007.

Cash paid for interest and income taxes for the years ended December 31, 2008 and 2007, was as follows:

	<u>2008</u>	<u>2007</u>
Interest	<u>\$ 654</u>	<u>\$ 4,266</u>
Federal income tax	<u>\$ -</u>	<u>\$ -</u>

(continued)

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**COYOTE BOB'S, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 5: Operating Leases**

As of December 31, 2008 and 2007, the Company was obligated under the following operating leases:

*Related party:*

The Company has a lease for its building with a limited liability company owned by the Company's stockholders. The lease payments are triple net payable in monthly installments of \$2,338, and expired in May 2008. Rent paid on the lease to the limited liability company totaled \$11,691 and \$28,058, respectively, for the years ended December 31, 2008 and 2007.

The Company also leases its furniture, fixtures, and equipment from the same limited liability company. The lease payments are payable in monthly installments of \$4,846, and expire in May 2009. Rent paid on the lease to the limited liability company totaled \$58,149 for the years ended December 31, 2008 and 2007.

The Company also leases its corporate office on a month-to-month basis from the same limited liability company. The lease payments are triple net payable in monthly installments of \$6,750. Rent paid to the limited liability company for the years ended December 31, 2008 and 2007, was \$133,121 and \$250,018, respectively. Included in accrued other liabilities at December 31, 2008 and 2007, is rent payable of \$0 and \$11,522, respectively.

The Company has a lease for its building. The lease payments are payable in monthly installments of \$3,667, and expires in May 2009. The lease contains two five-year options to renew at an increased monthly rental. Rent expense for the building lease for the years ended December 31, 2008 and 2007, was \$45,649 and \$43,786, respectively.

*Operating leases:*

The Company also leases miscellaneous gaming equipment from various companies on a month-to-month basis. The total lease payments vary from month to month. Rent expense for the miscellaneous gaming equipment for the year ended December 31, 2008 and 2007, was \$120,555 and \$122,216, respectively.

The future minimum lease payments related to the above leases are as follows:

<i>Years Ending December 31,</i>	
2009	43,000
	<u>\$ 43,000</u>

**NOTE 6: Subsequent Event**

As of March 12, 2009, the company entered into an agreement to sell its assets to Nevada Gold & Casinos, Inc., a public entity traded on the New York Stock Exchange under ticker UWN. The closing date for the sale is expected to take 60-90 days from the date the agreement was signed.

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**COYOTE BOB'S, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2008 and 2007

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**NOTE 7: Related Party**

The Company and its related parties (Crazy Moose Casino, Inc. and Crazy Moose Casino II, Inc.) have created a Washington State limited liability company (LLC) organized in accordance with Washington Administrative Code (WAC) 458-20-111 - Advances and Reimbursements. The LLC was created to centralize and allocate common expenses incurred by the Company and its related parties mentioned above. Included in salaries and payroll taxes were reimbursements of \$47,406 and \$0, of which \$4,506 and \$0, are included in accrued wages for the years ended December 31, 2008 and 2007, respectively. Included in miscellaneous general and administrative expenses were reimbursements of \$16,971 and \$0, of which \$3,849 and \$0, are included in accounts payable for the years ended December 31, 2008 and 2007, respectively.

*(concluded)*

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**UNAUDITED PRO-FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro-forma condensed combined financial information for Nevada Gold & Casinos, Inc. (the “Company”) set forth below gives effect to the acquisition of the assets of Crazy Moose Casino, Inc., Crazy Moose Casino II, Inc., Coyote Bob’s, Inc. and Gullwing III, LLC (collectively, the “Sellers”) using the purchase method of accounting, after giving effect to the adjustments described below. The unaudited pro-forma condensed combined statement of operations includes only the results of continuing operations and excludes such impacts as nonrecurring items related to the acquisition and synergy and related cost savings associated with the integration of the acquisition.

The unaudited pro-forma condensed combined balance sheet as of April 30, 2009 gives effect to the acquisition as if it occurred on April 30, 2009 by combining the balance sheets of the Company and the Sellers as of April 30, 2009.

The unaudited pro-forma condensed combined statement of operations for the fiscal year ended April 30, 2009 gives effect to the acquisition as if it occurred on April 28, 2008 by combining the results for the fiscal year ended April 30, 2009 of the Company with the results for the year ended April 30, 2009 of the Sellers.

The unaudited pro-forma condensed combined financial information should be read in conjunction with the historical financial statements used in preparation of such pro-forma financial information. The Sellers’ historical financial statements used in the preparation of the unaudited pro-forma condensed combined financial information are based on the Sellers’ unaudited financial information prepared by the Sellers. The audited financial statements of the Sellers as of December 31, 2008 are included in Exhibit 99.2 of this Form 8-K/A.

The unaudited pro-forma condensed combined financial information, including the adjustments thereto, are not necessarily indicative of what the actual financial results would have been had the transaction taken place on the dates indicated and do not purport to indicate the results of future operations. The pro-forma adjustments described below are based upon information and assumptions available at the time of filing this Form 8-K/A.

The unaudited condensed combined pro-forma financial information is prepared in accordance with Article 11 of Regulation S-X.

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Nevada Gold & Casinos, Inc.  
**Pro-forma Balance Sheet as of the Fiscal Year Ended April 30, 2009**

	Nevada Gold As reported in Form 10-K	Washington Casinos reported at April 30, 2009 (unaudited)	Pro-forma Adjustments	Pro-forma Balance Sheet
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 13,834,544	\$ 1,378,208	\$ (12,234,579)	\$ 2,978,173
Restricted cash	6,000,000			6,000,000
Accounts receivable	12,342			12,342
Prepaid expenses	235,847			235,847
Income tax receivable	1,872,369		(558,248)	1,314,121
Notes receivable, current portion	1,100,000			1,100,000
Other current assets	46,444	124,262	-	170,706
<b>Total current assets</b>	<b>23,101,546</b>	<b>1,502,470</b>	<b>(12,792,827)</b>	<b>11,811,189</b>
Investments in development projects	746,024		(672,507)	73,517
Investments in development projects held for sale	3,437,932			3,437,932
Notes receivable - development projects, net of current portion	1,700,000			1,700,000
Goodwill	5,462,918		10,065,422	15,528,340
Property and equipment, net of accumulated depreciation of \$3,966,635 at April 30, 2009	1,091,549	1,838,842	200,261	3,130,652
Intangible assets, net of accumulated amortization of \$233,333 at April 30, 2009			3,266,667	3,266,667
Deferred tax asset	599,797			599,797
Other assets	5,915,220	33,726	486,191	6,435,137
<b>Total assets</b>	<b>\$ 42,054,986</b>	<b>\$ 3,375,038</b>	<b>\$ 553,207</b>	<b>\$ 45,983,231</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 846,062	\$ 501,201	\$ 39,642	\$ 1,386,905
Other accrued liabilities	197,833	171,341		369,174
Long-term debt, current portion				
<b>Total current liabilities</b>	<b>1,043,895</b>	<b>672,542</b>	<b>39,642</b>	<b>1,756,079</b>
Long-term debt, net of current portion and discount	6,000,000	541,660	4,000,000	10,541,660
Other liabilities	44,487			44,487
<b>Total liabilities</b>	<b>7,088,382</b>	<b>1,214,202</b>	<b>4,039,642</b>	<b>12,342,226</b>
<b>Commitments and contingencies</b>				
<b>Stockholders' equity:</b>				
Common stock, \$0.12 par value per share; 50,000,000 shares authorized; 13,935,330 shares issued and 12,939,130 shares outstanding at April 30, 2009	1,672,240	30	(30)	1,672,240
Capital stock		50,000	(50,000)	
Paid-in capital		713,652	(713,652)	
Additional paid-in capital	19,297,560	252,414	(252,414)	19,297,560
Retained earnings	24,213,754	4,070,836	(5,396,435)	22,888,155
Dividends Paid		(2,926,096)	2,926,096	
Treasury stock, 996,200 shares at April 30, 2009, at cost	(10,216,950)			(10,216,950)
Accumulated other comprehensive income				
<b>Total stockholders' equity</b>	<b>34,966,604</b>	<b>2,160,838</b>	<b>(3,486,435)</b>	<b>33,641,005</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 42,054,986</b>	<b>\$ 3,375,038</b>	<b>\$ 553,207</b>	<b>\$ 45,983,231</b>

Nevada Gold & Casinos, Inc.  
**Pro-forma Statement of Operations for the Fiscal Year Ended April 30, 2009**

	Nevada Gold As reported in Form 10-K	Washington Casinos reported at April 30, 2009 (unaudited)	Pro-forma Adjustments	Pro-forma Stmt of Operations
<b>Revenues:</b>				
Casino	\$ 5,356,885	\$ 14,054,949	\$	\$ 19,411,834
Food and beverage	1,395,130	3,312,588		4,707,718
Other	49,366	399,874		449,240
Management fees	493,382	278,068		771,450
<b>Gross revenues</b>	<b>7,294,763</b>	<b>18,045,479</b>		<b>25,340,242</b>
Less promotional allowances	(1,426,511)	(1,373,483)		(2,79 9,994)
<b>Net revenues</b>	<b>5,868,252</b>	<b>16,671,996</b>		<b>22,540,248</b>
<b>Operating expenses:</b>				
Casino	1,750,014	11,140,526		12,890,540
Food and beverage	614,779	1,584,949		2,199,728
Marketing and administrative	2,485,881	768,153		3,254,034
Facility	362,009	218,696		580,705
Corporate expense	4,366,670	349,405		4,716,075
Legal expenses	403,694			403,694
Depreciation and amortization	627,618	160,530	369,232	1,157,380
Write-off of project development cost	1,215,383			1,215,383
Other	145,018			145,018
Total operating expenses	<u>11,971,066</u>	<u>14,222,259</u>	<u>369,232</u>	<u>26,562,557</u>
<b>Operating income (loss)</b>	<b>(6,102,814)</b>	<b>2,449,737</b>	<b>(369,232)</b>	<b>(4,022,309)</b>
<b>Non-operating income (expenses):</b>				
Earnings (loss) from unconsolidated affiliates	(7,863)			(7,863)
Gain on sale of equity investees	403,388			403,388
Interest income	975,490	17,939	(118,119)	875,310
Interest expense	(1,307,296)	(55,493)	(280,000)	(1,642,789)
Amortization of loan issue costs	(128,266)	(2,927)		(131,193)
<b>Income (loss) before income tax expense</b>	<b>(6,167,361)</b>	<b>2,409,256</b>	<b>(767,351)</b>	<b>(4,525,456)</b>
<b>Income tax expense (benefit)</b>				
Current	(2,265,155)		558,248	(1,706,907)
Deferred and change in valuation allowance	285,930			285,930
Total income tax expense (benefit)	<u>(1,979,225)</u>		<u>558,248</u>	<u>(1,420,977)</u>
<b>Net income (loss)</b>	<b>\$ (4,188,136)</b>	<b>\$ 2,409,256</b>	<b>\$ (1,325,599)</b>	<b>\$ (3,104,479)</b>
<b>Per share information:</b>				
Net income (loss) per common share - basic	<u>\$ (0.32)</u>	<u>\$ 0.19</u>	<u>\$ (0.10)</u>	<u>\$ (0.24)</u>
Net income (loss) per common share - diluted	<u>\$ (0.32)</u>	<u>\$ 0.19</u>	<u>\$ (0.10)</u>	<u>\$ (0.24)</u>
Basic weighted average number of shares outstanding	<u>12,939,130</u>	<u>12,939,130</u>	<u>12,939,130</u>	<u>12,939,130</u>
Diluted weighted average number of shares outstanding	<u>12,939,130</u>	<u>12,939,130</u>	<u>12,939,130</u>	<u>12,939,130</u>

Pro-forma adjustments to give effect to the acquisition as if it occurred as of April 28, 2008 (the first day of fiscal 2009):

	<u>Debit</u>	<u>Credit</u>
Interest income	118,362	
Cash		118,362
To reduce interest income for use of cash to purchase casinos		
Interest expense	280,000	
Cash		280,000
To account for interest on Seller \$4 million Note at 7% simple interest rate		
Amortization of intangible assets expense	233,333	
Accumulated amortization of intangible assets		233,333
To amortize \$3.5 million of intangible assets over 15 years		
Depreciation expense	52,565	
Accumulated depreciation		52,565
To depreciate stepped up basis of \$252,826 fixed assets over 5 years		
Depreciation expense	83,333	
Accumulated depreciation		83,333
To depreciate stepped up basis of \$250,000 other assets over 3 years		
Cash	243	
Interest income		243
To account for interest on \$500,000 deposit made to acquire casinos		
Income tax expense-current	819,147	
Income tax receivable		819,147
To account for federal income tax at 34% of acquired casinos		
Income tax receivable	260,899	
Income tax expense-current		260,899

Pro-forma adjustments to give effect to the acquisition as if it occurred April 30, 2009 (the last day of fiscal 2009):

Goodwill	10,065,422	
Property, plant & equipment	252,826	
Intangible assets	3,500,000	
Other assets	569,525	
Common stock	30	
Capital stock	50,000	
Paid-in-capital	713,652	
Additional paid-in-capital	252,414	
Retained earnings	4,070,836	
Cash		11,836,460
Investment in development projects		672,507
Accounts payable		39,642
Long-term debt		4,000,000
Dividends paid		2,926,096

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