

GLOBAL CASINOS INC
Form 10KSB
October 09, 2007

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

FORM 10-KSB

**[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934**

For the fiscal year ended June 30, 2007

**[] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-15415

GLOBAL CASINOS, INC.
(Name of Small Business Issuer in its Charter)

<u>Utah</u>	<u>87-0340206</u>
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification number

5455 Spine Road, Suite C, Boulder, Colorado 80301
(Address of principal executive offices) (Zip Code)

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

Securities registered under Section 12(b) of the Exchange Act: None

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Securities registered under Section 12(g) of the Exchange Act: Common Stock, \$.05 par value

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. *

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b2 of the Exchange Act). Yes No

The Issuer's revenues for the fiscal year ended June 30, 2007 were \$3,738,142. As of September 24, 2007, the aggregate market value of the voting and non-voting common equity of the Issuer based upon the average bid and asked prices of such Common Stock, held by non-affiliates of the Issuer was approximately \$3,570,910. As of October 8, 2007, there were 5,202,907 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant incorporates by this reference the following:

PART IV - EXHIBITS

1. Incorporated by reference from the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2006 as filed with the Commission on October 10, 2006.
2. Incorporated by reference from the Company's Quarterly Report on Form 10-QSB as filed with the Commission on November 14, 2006
3. Incorporated by reference from the Company's Quarterly Report on Form 10-QSB as filed with the Commission on February 14, 2007
4. Incorporated by reference from the Company's Quarterly Report on Form 10-QSB as filed with the Commission on May 15, 2007.
5. Current Report on Form 8-K, Item Nos. 1.01 and 9.01, dated June 14, 2007 as filed with the Commission on June 18, 2007.
6. Current Report on Form 8-K, Item Nos. 7.01 and 9.01, dated June 19, 2007 as filed with the Commission on June 19, 2007.
7. Current Report on Form 8-K/A-1, Item Nos. 1.01 and 7.01, dated September 28, 2007 as filed with the Commission on October 2, 2007.
8. Current Report on Form 8-K, Item Nos. 7.01 and 9.01, dated October 3, 2007, as filed with the Commission on October 3, 2007.

FORWARD LOOKING STATEMENTS

Certain statements made in this Annual Report are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements made in this Report are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the growth and expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements made in this Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements made in this Report, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Overview

Global Casinos, Inc. ("the Company", "Global Casinos", or "Global") and its wholly owned subsidiaries operate in the domestic gaming industry. The Company is organized as a holding company for the purpose of acquiring and operating casinos, gaming properties, and other related interests. Global was organized under the laws of the State of Utah on June 8, 1978.

As of June 30, 2007, Global had two operating subsidiaries: one which owns and operates the Bull Durham Saloon & Casino ("Bull Durham") located in Black Hawk, Colorado; and one which has been formed for the purpose of acquiring the assets of the Doc Holliday Casino (Doc Holliday) located in Central City, Colorado. In addition, Global also has a 25% equity investment in an entity which owns certain pending gaming technology patents. This investment is being accounted for under the equity method.

Description of Operations

Casinos U.S.A. - The Bull Durham Saloon and Casino

Background. Casinos U.S.A. was acquired on November 19, 1993. Global Casinos acquired 100% of the outstanding common stock of Casinos U.S.A., a Colorado corporation, and Lincoln Corporation ("Lincoln") and Woodbine Corporation ("Woodbine"), both South Dakota corporations, in exchange for 253,500 shares of the Company's common stock. Lincoln and Woodbine operated the Last Chance Saloon and Lillie's, respectively; both located in Deadwood, South Dakota. The Company permanently closed the Last Chance Saloon on May 31, 1994 and Lillie's on June 30, 1995 due to unprofitable operations. Both Lincoln and Woodbine are now inactive corporations.

In October 1995, Casinos U.S.A. filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code as it was in default under all of its secured obligations encumbering the Bull Durham Saloon and Casino. In January 1997, the Court approved the Debtor's Second Amended Plan of Reorganization (the "Plan"), and in February 1998 the bankruptcy was discharged upon being fully administered.

Operations. The Bull Durham is located approximately one hour from Denver, Colorado in the mountain town of Black Hawk. The Company has operated The Bull Durham since 1993, soon after limited stakes gambling was legalized in Black Hawk in 1992. The casino holds a retail liquor license issued by the State of Colorado and offers limited food service in addition to beverages.

Presently, the casino occupies approximately 7,400 square feet of space located at 110 Main Street in Black Hawk, Colorado. Casinos U.S.A. owns the building in which the Bull Durham operates, subject to two tiers of deeds of trust securing a total of \$1,935,682 in debt, as of June 30, 2007.

As of June 30, 2006, we operated 186 slot machines. The Bull Durham does not operate any table games.

New slot machine designs are introduced every year by the equipment manufacturers. Certain games become more popular and older games tend to become less popular. During the past year, we replaced or upgraded 28 machines. The current popular trend is in the "penny" and "nickel" machines.

In 2005 we installed the Oasis Casino Management System ("Oasis System") produced by Aristocrat Technologies. The Oasis System connects our slot machines to a central computer that monitors all activity on each gaming device. It includes a "Player Tracking System" that allows us to implement new features and benefits into our Frequent Player Club (known as the "Sharpshooter Club") and also enables us to properly recognize our VIP players. As the system is fully automated, it provides several operational efficiencies in the collection and analysis of customer data, and allows us to target our marketing efforts towards the most active players. Our investment in the Oasis System totaled \$380,000.

The Bull Durham's customer base consists primarily of day visitors from Denver. Many gamblers are transported to Black Hawk on charter buses provided by the casinos. A city bus stop is adjacent to the casino. We also directly contract with certain bus companies to transport guests to our casino from Denver and its surrounding communities.

As we do not have parking facilities available for our customers, we rely totally on "walk-in" traffic and charter bus traffic. This traffic declines during the winter months when the weather deteriorates. We do not have a full service restaurant. Some of our competitors provide extensive food service, including Las Vegas style buffets.

2002 Restructuring. Beginning in approximately April 2002, the Company engaged in a series of meetings and discussions with the Colorado Division of Gaming surrounding the then pending application to renew the gaming license covering the Bull Durham. The Division of Gaming expressed concern that the Company's directors and officers, Messrs. Jennings and Neuman, had other associations with the Company's former directors, Messrs. Calandrella and Thygesen, the latter of whom had been the subject of an Initial Decision by an Administrative Law Judge of the Securities and Exchange Commission finding violations of federal securities laws. Notwithstanding the fact that Messrs. Calandrella and Thygesen had previously resigned from the Company, the Division of Gaming requested that Messrs. Jennings and Neuman, neither of whom were subject to the SEC administrative action, nevertheless resign as control persons of Casinos, U.S.A., the company that owned the Bull Durham and to which the gaming license would be issued.

Concurrently with the discussions with the Division of Gaming, the Company entered into discussions with Astraea Investment Management, L.P. ("Astraea") to restructure the Company's financial and operational obligations. Effective September 17, 2002, the terms of the restructuring were finalized (the "2002 Restructuring"), resulting in the following:

- * Astraea agreed to waive accrued and unpaid interest and fees under an unsecured \$500,000 note (the "Astraea Unsecured Note").

- * Astraea agreed to extend the maturity date of the Astraea Unsecured Note to 2009, and to reduce the rate of interest thereon to four percent (4%) per annum.
- * Astraea agreed that there would be a moratorium on payments on the Astraea Unsecured Note for 30 months.

- * Global Casinos and Astraea agreed that the Astraea Unsecured Note would be assigned to and assumed by Casinos, U.S.A. and be secured by one hundred percent (100%) of the outstanding shares of common stock of Casinos, U.S.A. (which owns the Bull Durham) and a security interest in the tangible and intangible assets of Casinos, U.S.A.
- * It was agreed that Global would continue to manage the Bull Durham for a management fee of \$10,000 per month. Global Casinos agreed to provide Astraea with certain financial reporting and inspection rights going forward.
- * Astraea agreed to restructure its two mortgage notes against the Bull Durham to provide for interest at the rate of seven percent (7%) with a thirty-year amortization and an extended maturity date to 2009. Astraea also agreed to defer installment payments on its two secured promissory notes to the extent of one hundred percent (100%) of each such installments until an aggregate deferral totaling \$100,000 is reached, but in no event more than one (1) year. Deferred installment payments were set aside and used for working capital purposes and capital expenditures at the Bull Durham which are approved by Astraea. Any expenses incurred by Astraea in connection with the restructure of the indebtedness was added to the principal balances of its secured notes and will be repaid as part of the balloon payment at the maturity date of such note. Debt to third parties associated with the gaming equipment located at the Bull Durham was restructured with the agreement of the vendor.
- * Junior secured mortgage notes encumbering the Bull Durham were restructured to bear interest at the rate of four percent (4%) per annum and amortized in a straight line over a term of thirty (30) years, with a seven-year balloon;
- * All debt associated with gaming equipment located at the Bull Durham was restructured
- * All shares of Casinos, U.S.A. preferred stock was cancelled as part of the restructuring of Global Casinos.
- * Global Casinos granted to Astraea an option exercisable after March 17, 2005 to purchase all of the issued and outstanding shares of common stock of Casinos, U.S.A. for a purchase price of \$100. Global Casinos redeemed the option in 2005.
- * The Board of Directors of Casinos, U.S.A. was reconstituted to consist of persons approved by Astraea and the Colorado Division of Gaming, and the voting shares of Casinos, U.S.A. have been made subject to a voting agreement to enforce this agreement.
- * Arrangements have been made to restructure a note payable from the Bull Durham to Global Casinos to permit debt service by Global Casinos on a note held by a third party.
- *

The warrants to purchase shares of Casinos U.S.A. and the participation in net cash flow provided for under Casinos U.S.A.'s Chapter 11 Bankruptcy Plan of Reorganization were cancelled.

Each of the foregoing points of agreement were memorialized in definitive agreements executed by Global Casinos, Casinos U.S.A., Astraea and third parties and previously filed as exhibits with the Securities and Exchange Commission. Those definitive agreements were executed by and on behalf of Global Casinos, Casinos U.S.A., Astraea and the holders of all subordinated mortgage notes against the Bull Durham except for the holders of approximately \$200,000 in subordinated mortgage notes. With respect to those junior lienholders, the Company nevertheless began making revised payments based upon the restructured interest rate and maturity date in the fourth quarter of 2002, without objection or protest on the part of the holders of those subordinated mortgage notes. The

Company takes the position that by their acquiescence, those subordinated note holders are deemed to be bound by the terms of the 2002 Restructuring.

In the first quarter of 2005, we repaid Astrea's \$500,000 note and redeemed its option to purchase all outstanding shares of Casinos USA.

Regulation. The Bull Durham began gaming operations in 1993 as a Class B Gaming Casino, which limits the casino to four (4) gaming tables and fewer than two hundred fifty (250) slot machines. Under limited stakes gaming regulations in Colorado, maximum wagers are limited to \$5.00 per bet.

Ownership and operation of gaming establishments are extensively regulated by states in which such activities are permitted. Colorado has adopted numerous statutes and regulations covering limited stakes gaming operations. Existing regulation includes various aspects of the gaming industry, including ownership, operation and employment in all limited stakes gaming operations, taxation of revenues and regulation of equipment utilized in connection with such activities. Virtually all aspects of ownership and operation of gaming facilities require licensing by the state. Operators, machine manufacturers and distributors, employees and retailers are all subject to extensive investigation and regulation prior to licensing to engage in gaming activities. The procedure for obtaining these licenses is time consuming and costly. Prior to November 1, 2002, Global held a gaming license to operate the Bull Durham. Effective November 1, 2002, the gaming license was transferred to Casinos, U.S.A., Inc., our subsidiary that owns the Bull Durham, as part of an overall restructuring of our business operations under the Astraea Term Sheet. This restructuring was undertaken, in part, at the behest of the Division of Gaming.

Because the Company is a publicly traded corporation, each of the officers, directors and shareholders owning 5% or more of the equity interest prior to November 1, 2002, had to be approved by the Colorado Division of Gaming. With the transfer of the gaming license to Casinos, U.S.A., the officers and directors of that subsidiary must be approved by the Division of Gaming. The criteria established in determining the suitability to conduct such operations include financial history, criminal record and character, in addition to satisfaction of application procedures set forth in the existing regulations.

Under current regulations promulgated by the Colorado Limited Gaming Commission (the "Gaming Commission"), no gaming licensee may issue shares except in accordance with Colorado gaming laws and regulations; and any such issuance will be ineffective and such stock shall not be deemed issued until compliance is obtained; no shares of the licensee may be transferred except in accordance with Colorado Gaming Laws and regulations; and if the Gaming Commission determines that a holder of a licensee's securities is unsuitable, the licensee or a suitable person must, within sixty days, purchase such securities at the lesser of the unsuitable person's investment or the current market price of such securities. Any person who becomes a beneficial owner of five percent or more of the Company's common stock must notify the Division of Gaming within ten days after such person acquires such securities and must provide such additional information and be subject to a finding of suitability as required by the Division of Gaming Commission. The Company must notify each person who is subject to this regulation of its requirements as soon as it becomes aware of the acquisition. The same regulations apply to any person who becomes a beneficial owner of more than ten percent of any other class of voting securities of the

Company.

Existing federal and state regulations may also impose civil and criminal sanctions for various activities prohibited in connection with gaming operations. State statutes and regulations also prohibit various acts in connection with gaming operations, including false statements on applications and failure or refusal to obtain necessary licenses described in such regulations. Violation of any of these existing or newly adopted regulations may have a substantial adverse effect on the operations of the Company and its subsidiaries.

The Company has been granted a casino tavern license issued under the Colorado Liquor Code for the Bull Durham. As revised in 1993, the Colorado Liquor Code now includes a casino tavern license issuable to duly licensed and operating limited stakes gaming casinos.

The beverage license is revocable and non-transferable. Licensing authorities may limit, condition, suspend or revoke the license. Violation of beverage laws or regulations can result in loss of license and may constitute a criminal offense punishable by fines, incarceration, or both.

Net profits derived from the operations of the Company and its subsidiaries are subject to taxation at the federal, state and local levels. The State of Colorado imposes a variable gaming tax on "adjusted gross proceeds" ("AGP"), which includes the total amount of all wagers made by players less all payments received by such players. As revised in July 1999 the progressive tax rate ranges from 0.25% on the first \$2,000,000 of AGP to 20% on AGP in excess of \$15,000,000. Local governmental units assess real and personal property taxes on the value of many assets, including land, building and gaming equipment. In addition, the city of Black Hawk assesses "device fees" on each gaming device utilized in a casino.

Competition. Competition in the gaming industry in the United States is intense. There are numerous competitors engaged in the same business as the Company, and the Company's operations also compete with other forms of gaming activities, such as Bingo, Lotto, table games, sports betting and pari-mutuel wagering. Competition in Black Hawk, Colorado is particularly intense as competitors are in very close proximity to the Company's operations. There are now 20 casinos operating in the Black Hawk market. Additionally, there are 6 casinos located approximately one mile west in Central City. The Bull Durham Casino is relatively small in comparison to the other casinos in the market. There are currently 9,945 slot machines in the Black Hawk market and 2,175 in the Central City market. Based upon the number of slot machines in Black Hawk, The Bull Durham represents approximately 2.0% of the market. The average win per device for the Bull Durham is less than the average for all casinos in Black Hawk. As a result the Bull Durham net win represents less than 1% of the market. The Bull Durham attempts to stay competitive by continually upgrading its gaming devices to provide the most state-of-the-art gaming experience possible, and by providing personalized customer services designed to promote customer loyalty. A direct mail marketing campaign was also developed that targets repeat customers as part of our efforts to maintain market share.

The 1991 referendum that authorized gaming in Colorado limited casinos to three mountain towns, Black Hawk, Central City, and Cripple Creek. There are two Native American casinos in Colorado, both in the southwest region of the state. However, future referendums could expand gaming to other locations. Other forms of legal gaming in Colorado include lottery games, dog and horse racing, and bingo.

It is possible that additional forms of gaming could be authorized. Colorado does not currently allow video lottery terminals ("VLT"). VLT's are games of chance similar to slot machines that

generate a random set of numbers to be displayed on a video screen. Winning bets are rewarded with a ticket that can be exchanged for cash. An initiative to legalize VLT's that was on the ballot for the November 2003 general election was defeated.

Seasonality. Because the Bull Durham Casino is located in a small mountain community west of Denver, it experiences its peak business during the summer months when weather conditions are more favorable. The winter months tend to be substantially slower when weather conditions reduce the amount of traffic through the town.

Employees

The Company's President is Clifford L. Neuman, its Secretary is Pete Bloomquist and its Chief Financial Officer is Todd Huss.

The Bull Durham operates with an on-site general manager. It currently employs 31 persons, including 29 that are considered full-time and 2 that are considered part-time. The Company is not part of any collective bargaining agreement. There have been no work stoppages and the company believes its employee relations are good.

Global Gaming Technologies, LLC

Global Gaming Technologies, LLC is a Colorado limited liability company formed February 28, 2006.

On February 28, 2006, the Company entered into an Organization Agreement with a certain individual to form a for-profit limited liability company under the name of Global Gaming Technologies, LLC (GGT). Under the terms of the Agreement, the individual contributed to GGT all of his intellectual property rights related to two games of poker, which he individually developed. The Company agreed to make an initial cash capital contribution to GGT of \$100,000, for which it received a 25% equity interest in GGT. At the Company's election, it may make an additional \$100,000 cash capital contribution to GGT for which it will receive an additional 25% equity interest. It is anticipated that the initial cash contribution will be used to further develop the two games and to investigate possible patent protection. At the present time, both games are still under development and neither has been approved for use in any gaming jurisdiction. The investment is being accounted for under the equity method. However, at this time GGT is considered to be in an early development stage as its expenditures have been developmental in nature and the entity has no revenues.

As of June 30, 2007, the Company has made cash payments to GGT of \$60,000 as part of the initial \$100,000 cash capital payments required under the Agreement. The remaining \$40,000 joint venture obligation was recorded as a

current liability.

Doc Holliday Casino II, LLC

On June 14, 2007, we entered into a definitive Asset Purchase and Sale Agreement (the Doc Holliday Agreement) pursuant to which we have agreed to acquire substantially all of the assets of Doc Holliday Casino located in Central City, Colorado. That Doc Holliday Agreement and our acquisition of Doc Holliday Casino, is subject to numerous conditions precedent and is currently

pending as of the date of this Report. In anticipation of our acquisition of Doc Holliday Casino, in June, 2007, we formed and organized Doc Holliday Casino II, LLC, a Colorado limited liability company. That newly-formed subsidiary has had no activity or operations other than its formation and organization.

Intellectual Property

The Company does not claim any intellectual property protection to any of its assets and does not believe that intellectual property protection is material to its operations.

Consultants

The Company has no consultants.

ITEM 2. DESCRIPTION OF PROPERTY

Corporate Offices

Prior to January 2006, the Company leased approximately 4,200 square feet of space used as its corporate offices. The lease required monthly payments of approximately \$3,500. A portion of the space was subleased for monthly rental income of approximately \$2,500. In January 2006, the lease with the landlord was terminated and assumed by Gunpark Asset Management, LLC (Gunpark), a company operated by the Company's former President and Director. Concurrently, the Company entered into a Shared Services Agreement with Gunpark. The agreement requires Gunpark provide sufficient office space to the Company, and requires the Company make monthly payments directly to the landlord of \$3,000. The monthly payment is allocated as \$2,000 to rent expense, and \$1,000 to clerical services. The agreement expired on December 31, 2006 and was extended under the same terms to December 31, 2007 by mutual agreement.

Minimum required payments through the remaining term of the Shared Services Agreement for fiscal year 2008 are \$18,000.

Operating Subsidiaries

The facilities and properties of the Company's operating subsidiaries are more fully described in Item 1 of this Report and are incorporated herein by this reference.

The Company believes that each of its facilities is adequate for its intended purpose and does not plan any significant investment in additional facilities during the next year.

ITEM 3. LEGAL PROCEEDINGS

The Company and its officers and directors are involved in the following material legal proceedings:

Civil Litigation

Michael Jacobs vs. Global Casinos, Inc. This matter was filed as a civil action, which has been stayed since 1998, pending mandatory arbitration. There has been no action to prosecute the arbitration whatsoever and the matter has been dormant since 1998. Mr. Jacobs was a former employee of the Company in Dallas, Texas and is asserting claims for compensation for services rendered while under the supervision of William P. Martindale at the Company's then existing Dallas, Texas office. The Company believes that the likelihood of a material adverse outcome in this matter is remote.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None, except as previously disclosed.

PART II**ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

The outstanding shares of Common Stock are traded over-the-counter and quoted on the OTC Bulletin Board ("OTCBB") under the symbol "GBCS". The reported high and low bid and ask prices for the common stock are shown below for the period from July 1, 2005 through June 30, 2007

	<u>Bid</u>		<u>Ask</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
2006 Fiscal Year				
July - Sept 2005	\$1.15	\$0.85	\$1.20	\$0.95
Oct - Dec 2005	1.05	0.90	1.09	0.99
Jan - Mar 2006	1.74	0.98	1.75	1.00
Apr - June 2006	1.04	0.86	1.09	0.93
2007 Fiscal Year				
July - Sept 2006	\$0.91	\$0.88	\$1.01	\$0.93
Oct Dec 2006	0.90	0.70	1.00	0.74
Jan Mar 2007	0.79	0.68	0.85	0.70
Apr June 2007	0.85	0.60	0.85	0.65

The bid and ask prices of the Company's common stock as of October 3, 2007 were \$0.75 and \$0.95 respectively, as reported on the OTCBB. The OTCBB prices are bid and ask prices which represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commissions to the broker-dealer. The prices do not reflect prices in actual transactions. As of September 30, 2007, there were approximately 873 record owners of the Company's common stock.

The OTC Bulletin Board is a registered quotation service that displays real-time quotes, last sale prices and volume information in over-the-counter (OTC) securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ or a national securities exchange. The OTCBB is not an issuer listing service, market or exchange. Although the OTCBB does not have any listing requirements, per se, to be eligible for quotation on the OTCBB, issuers must remain current in their filings with the SEC or applicable regulatory authority.

The Company's Board of Directors may declare and pay dividends on outstanding shares of common stock out of funds legally available therefor in its sole discretion; however, to date other than the OnSource spin-off dividend no

dividends have been paid on common stock and the Company does not anticipate the payment of dividends in the foreseeable future. Further, under the terms of the convertible preferred stock issued by the Company, the Company is restricted from paying cash dividends on common stock during the period that the convertible preferred stock is outstanding.

Recent Sales of Unregistered Securities

1. In January 2005, we completed the private placement of units, each unit consisting of a 12% convertible debenture and a warrant exercisable to purchase one share of our common stock for each dollar in principal amount of debenture at an exercise price of \$0.15. In total, up to 1,500,000 shares of our common stock could be issued if all of the debentures were converted and all of the warrants exercised. Gross proceeds of the offering were \$500,000, which proceeds were used to retire a secured note and an option held by Astraea Investment Management, L.P. The units were sold to a total of six investors, each of whom qualifies as an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act. The securities were taken for investment purposes and were subject to restrictions on transfer. The securities were issued in reliance on Rule 506, Regulation D promulgated under the Securities Act of 1933, as amended.

2. Warrant Exercise

a.

From October to December, 2005, the Company completed the sale of an aggregate of 650,000 shares of common stock, \$.05 par value (Common Stock) at a price of \$.15 per share pursuant to the exercise of issued and outstanding warrants. The Company received gross proceeds of \$97,500 from the exercise of the warrants. The warrants had been sold in private placements that were completed in January, 2005.

b.

The Securities were sold exclusively to persons who qualified as "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933 as amended (the "Securities Act"). There were an aggregate of seven accredited investors who participated in the offering. The shares issued upon exercise of the warrants were restricted securities under the Securities Act. The Company has agreed to register for resale under the Securities Act, the shares of Common Stock underlying the Warrants.

c.

The Company paid no fees or commissions in connection with the warrant exercise.

d.

The sale of the Securities was undertaken without registration under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act set forth in Section 4(2) thereunder. Each of the investors in the offering qualified as an "accredited investor" within the meaning of Rule 501(a) of Regulation D. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We

did not engage in any public advertising or general solicitation in connection with this transaction, and we provided each investor in the offering with disclosure of all aspects of our business, including providing each investor with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information.

Based on our investigation, we believed that each accredited investor obtained all information regarding the Company that they requested, received answers to all questions posed and otherwise understood the risks of accepting our Securities for investment purposes.

e.

The exercise terms of the Warrants are described in Item 3.02(a) above.

f.

The proceeds of the warrant exercises will be used to provide working capital to the Company.

3. Debenture Conversion

a.

In January, 2005, the Company completed the sale of an aggregate of \$500,000 in 12% Convertible Debentures. Pursuant to the agreement of the investors who purchased the Debentures, all outstanding Debentures converted automatically into shares of Common Stock on December 31, 2005. The price at which the Debentures converted was \$.50 per share. An aggregate of 1.0 million shares of Common Stock became issuable as a result of the automatic conversion

b.

The shares issued upon conversion of the Debentures were issued exclusively to persons who qualified as "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933 as amended (the "Securities Act"). There were an aggregate of six accredited investors who participated in the transaction. The shares issued upon conversion of the Debentures were restricted securities under the Securities Act. The Company has agreed to register for resale under the Securities Act, the shares of Common Stock underlying the Debentures.

c.

The Company paid no fees or commissions in connection with the Debenture conversion.

d.

The sale of the Securities was undertaken without registration under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act set forth in Sections 4(2) and 3(a)(9) thereunder. Each of the investors in the offering qualified as an "accredited investor" within the meaning of Rule 501(a) of Regulation D. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We did not engage in any public advertising or general solicitation in connection with this transaction, and we provided each investor in the offering with disclosure of all aspects of our business, including providing each investor with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information. Based on our investigation, we believed that each accredited investor obtained all information regarding the Company that they requested, received answers to all questions posed and otherwise understood the risks of accepting our Securities for investment purposes.

e.

The conversion terms of the Debentures are described in Item 3.02(g) above.

f.

There were no proceeds received as a result of the conversion of the Debentures.

4. Schmidt Conversion

a.

In November, 1996, the Company completed the sale of two promissory notes in the aggregate principal amount of \$25,000. In December 2005, and pursuant to the agreement of the noteholder who held the notes, the Company agreed to issue to the investor an aggregate of 22,250 shares of Common Stock and \$33,000 in consideration of the investor's surrender of the notes and any further claims against the Company. Under the agreement with the noteholder, the shares were valued at \$1.00 per share.

b.

The shares issued upon conversion of the two notes were issued exclusively to one person who represented and warranted as to his financial sophistication. The shares issued upon conversion of the notes were restricted securities under the Securities Act.

c.

The Company paid no fees or commissions in connection with the note conversion.

d.

The sale of the Securities was undertaken without registration under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act set forth in Sections 4(2) thereunder. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We did not engage in any public advertising or general solicitation in connection with this transaction, and we provided each investor in the offering with disclosure of all aspects of our business, including providing each investor with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information.

Based on our investigation, we believed that the investor obtained all information regarding the Company that he requested, received answers to all questions posed and otherwise understood the risks of accepting our Securities for investment purposes.

e.

Not applicable.

f.

There were no proceeds received as a result of the conversion of the notes.

5. Jennings Option Exercise

a.

In December, 2005, the Company completed the sale of an aggregate of 150,000 shares of common stock, \$.05 par value (Common Stock) at an average price of \$.12 per share pursuant to the exercise of issued and outstanding options. The Company received gross proceeds of \$17,500 from the exercise of the options. The options had been granted to our former President and Director for his services to the Company.

b.

The Securities were sold exclusively to one person who qualified as an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933 as amended (the "Securities Act"). The shares issued upon exercise of the warrants were restricted securities under the Securities Act.

c.

The Company paid no fees or commissions in connection with the option exercise.

d.

The sale of the Securities was undertaken without registration under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act set forth in Section 4(2) thereunder. The investor qualified as an "accredited investor" within the meaning of Rule 501(a) of Regulation D, as he was an executive officer and director of the Company at the time of exercise. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We did not engage in any public advertising or general solicitation in connection with this transaction, and we provided each investor in the offering with disclosure of all aspects of our business, including providing each investor with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information. Based on our investigation, we believed that the accredited investor obtained all information regarding the Company that he requested, received answers to all questions

posed and otherwise understood the risks of accepting our Securities for investment purposes.

e.

The exercise terms of the options are described in Item 3.02(a) above.

f.

The proceeds of the option exercise will be used to provide working capital to the Company.

6. Marketing Services Agreement

a.

Between July 2005 and January 2006, the Company issued an aggregate of 6,000 shares of common stock, (1,000 shares per month) for services under a marketing services agreement. The shares were valued at \$1.00 per share.

b.

The shares issued for marketing services were issued exclusively to one person who represented and warranted that she qualified as an accredited investor within the meaning of Rule 501(a) of Regulation D. The shares issued for services were restricted securities under the Securities Act.

c.

The Company paid no fees or commissions in connection with the share issuances.

d.

The sale of the Securities was undertaken without registration under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act set forth in Sections 4(2) thereunder. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We did not engage in any public advertising or general solicitation in connection with this transaction, and we provided each investor in the offering with disclosure of all aspects of our business, including providing each investor with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information.

Based on our investigation, we believed that the investor obtained all information regarding the Company that he requested, received answers to all questions posed and otherwise understood the risks of accepting our Securities for

investment purposes.

e.

Not applicable.

f.

There were no proceeds received as a result of the issuance of the shares.

7. General Manager Options Exercise

a.

On January 30, 2007, a previously awarded stock option grant to our General Manager at the Bull Durham Casino that was to expire on that date was extended for an additional year. Total compensation cost associated with the extension was \$29,664, and is included in operating, general, and administrative expenses for the year ended June 30, 2007. The fair value of the option extension was estimated utilizing the Black-Scholes option pricing model with the following assumptions: expected life of 0.5 years; expected volatility of 65%; risk free interest rate of 5.11% and no dividend yield. On February 20, 2007 all the options associated with the extension were exercised, and as a result, 50,000

shares of common stock were issued. The Company realized proceeds of \$6,500 associated with the exercise of the options.

b. The shares issued were issued exclusively to one person who serves on the board of directors of our subsidiary, Casinos USA, Inc. and General Manager of the Bull Durham Casino. The shares issued upon exercise of the options were restricted securities under the Securities Act.

c. The Company paid no fees or commissions in connection with the share issuances.

d.

The sale of the Securities was undertaken without registration under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act set forth in Sections 4(2) thereunder. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We did not engage in any public advertising or general solicitation in connection with this transaction, and we provided each investor in the offering with disclosure of all aspects of our business, including providing each investor with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information.

Based on our investigation, we believed that the investor obtained all information regarding the Company that he requested, received answers to all questions posed and otherwise understood the risks of accepting our Securities for investment purposes.

e.

Not applicable.

f. The proceeds from the option exercise were used for general working capital.

EQUITY COMPENSATION PLAN INFORMATION

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available outstanding for future issuances under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	-0-	\$0.00	-0-
Equity compensation plans not approved by security holders ⁽¹⁾	<u>235,000</u>	\$.62	<u>-0-</u>
Total	<u>235,000</u>	\$.62	<u>-0-</u>

(1) Includes nonqualified options granted to directors and officers.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations which are not historical facts are forward-looking statements such as statements relating to future operating results, existing and expected competition, financing and refinancing sources and availability and plans for future development or expansion activities and capital expenditures. Such forward-looking statements involve a number of risks and uncertainties that may significantly affect our liquidity and results in the future and, accordingly, actual results may differ materially from those expressed in any forward-looking statements. Such risks and uncertainties include, but are not limited to, those related to effects of competition, leverage and debt service financing and refinancing efforts, general economic conditions, changes in gaming laws or regulations (including the legalization of gaming in various jurisdictions) and risks related to development and construction activities. The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report.

Overview

We operate in the domestic gaming industry. We were organized as a holding company for the purpose of acquiring and operating casinos, gaming properties and other related interests. At June 30, 2007, our operations consisted solely of the Bull Durham Saloon & Casino in Black Hawk, Colorado.

Our operations are seasonal. The Bull Durham experiences a significant increase in business during the summer tourist season.

We operate in a highly regulated environment subject to the political process. Our retail gaming license is subject to annual renewal by the Colorado Division of Gaming. Changes to existing statutes and regulations could have a negative effect on our operations.

Results of Operations - Year Ended June 30, 2007 Compared to the Year Ended June 30, 2006

We recognized net income of \$119,077 or \$.02 per share for the year ended June 30, 2007 compared to net income of \$117,267 or \$.03 per share for the fiscal year 2006. The slight increase in net income is primarily attributable to two offsetting items. First, we realized a decrease in revenues due in part to weaker than expected casino activity during the second and third quarters resulting from unfavorable weather conditions. Second, the decrease in revenues was

offset by a significant decrease in interest expense associated with certain debt that was converted to common stock on December 31, 2005.

Revenues

Casino revenues for the year ended June 30, 2007 were \$3,738,142 compared to \$3,957,477 for the year ended June 30, 2006, a decrease of \$219,335 or 5.5%. Our total coin-in was down by 2.4% for the year ended June 30, 2007 as compared to 2006 primarily the result of unfavorable weather conditions during the second and third quarters in which we realized a 5.3% decrease. Our hold percentage was down slightly by 0.2% for the year ended June 30, 2007 as compared to 2006.

Promotional allowances include anticipated redemptions associated with our Sharpshooter's Club which awards customers with cash payouts dependent upon the frequency and amount of their gaming activities on our slot machines. The total allowances increased \$39,244 from \$120,776 to \$160,020 for the year ended June 30, 2006 and 2007, respectively. The primary reason for the increase is due to a change in our estimate of the expected redemption rates under the program for the year ended June 30, 2007.

Operating Expenses

Casino operations: Includes all expenses associated with the operations of the Bull Durham Casino. The following table summarizes such expenses for comparison and discussion purposes:

	For the year ended			
	June 30, 2007	June 30, 2006	\$ Variance	% Variance
	\$	\$		
Labor & Benefits	1,235,387	1,289,728	\$ (54,341)	-4.2%
Marketing & Advertising	501,168	514,059	(12,891)	-2.5%
Depreciation & Amortization	480,390	448,024	32,366	7.2%
Food & Beverage	204,651	234,082	(29,431)	-12.6%
Repair, Maintenance & Supplies	156,834	176,022	(19,188)	-10.9%
Device fees	149,944	132,258	17,686	13.4%
Professional fees	101,350	101,794	(444)	-0.4%
Insurance, Taxes & Licenses	103,425	103,619	(194)	-0.2%
Utilities & Telephone	71,726	69,963	1,763	2.5%
Other casino expenses	66,485	63,979	2,506	3.9%
	\$	\$		
	3,071,360	3,133,528	\$ (62,168)	-2.0%

Labor & Benefits: Includes all salary and contract labor costs associated with the operations of the casino, payroll taxes, and costs associated with the casino's benefit and insurance plans. The 4.2% decrease is primarily attributable to decreases in salaries and wages costs due to the decreases in customer traffic we realized because of the poor weather conditions, particularly during the second and third quarters. In addition, employee bonuses paid in December 2006 were down significantly from amounts paid in December 2005. Finally, we also were successful in negotiating a lower compensation rate for our drop team. Costs associated with our employee medical, dental and vision insurance

plan increased by approximately \$15,700, a 21% increase over 2006, and is attributable to the overall rising of health care costs. Total labor and benefits costs as a percentage of casino revenues remained steady at approximately 33% for both the years ending June 30, 2007 and 2006.

Marketing & Advertising: Includes all costs associated with our advertising and marketing efforts including promotional activities designed to drive customers to our casino, and programs designed to foster customer loyalty. The decrease of \$12,891 (2.5%) from the comparable period in 2006 is primarily due to a decrease in spending for promotional products, and refinements of our customer data base which allows us to focus our promotional dollars on a more targeted population.

Depreciation & Amortization: Includes depreciation on our gaming equipment, casino building improvements, furniture and fixtures, as well as amortization on our customer tracking software. The increase of \$32,366 is primarily associated with depreciation on new and upgraded slot machines

placed in service. This increase is the result of continued efforts to upgrade and maintain the quality and appearance of the machines in order to provide the best customer experience possible.

Food & Beverage: Includes all costs associated with our bar and limited menu food services. The \$29,431 decrease from 2006 is primarily the result of the decreased customer traffic due to unfavorable weather conditions during the quarter as discussed above, and to a lesser degree changes in certain products offered.

Repair, Maintenance & Supplies: Includes costs associated with the general upkeep of the facility, as well as parts and repair efforts to maintain the quality of our slot machines. The decrease of \$19,188 from 2006 is primarily due to savings of approximately \$20,700 in janitorial services with a change in our cleaning service provider. In addition, we also realized savings of approximately \$11,000 in repair and maintenance costs on our slot machines as our efforts to enhance the quality of the machines during the last year with the addition of several new machines and upgrades has resulted in a more reliable slot machine population. Partially offsetting these savings were approximately \$10,200 in increased spending for general casino and slot machine supplies.

Device Fees: Includes local fees paid to the city of Blackhawk based on the number of slot machines in operation. Prior to calendar year 2007, the city of Blackhawk waived device fees on the first fifty slot machines operated by a casino. In 2007, this waiver of fees was eliminated. The increase of \$17,686 for the year over year comparison is attributed to the elimination of this waiver.

Professional Fees: Includes all costs and fees associated with legal services, accounting and auditing services, and the Board of Directors of Casinos USA (d/b/a The Bull Durham Saloon & Casino). The slight decrease of \$444 is attributed to certain legal services provided to the casino in 2006; no legal services were required for the year ended June 30, 2007.

Insurance, Taxes & Licenses: Includes all non-payroll taxes, liability and property insurance, and licenses associated with the operation of the casino. An increase in property taxes of \$3,300 and a \$4,285 decrease in gaming taxes due to lower volumes was the primary cause for the slight decrease in this category for the year ended June 30, 2007.

Utilities & Telephone: Include all costs associated with the casino's telephone system, cell phone usage, and utility costs. For the year ended June 30, 2007, there were no significant variances in costs within this category as compared to the year ended, 2006. The slight increase of \$1,763 is attributed to rising energy costs.

Other Casino Expenses: Includes all other costs of the casino operations not included in the above categories, including travel, postage, bad debts, parking allowances and lease costs associated with off-site storage. For the year ended June 30, 2007, there were no significant variances in costs within this category as compared to the year ended June 30, 2006.

Operating, general, and administrative: Generally includes all expenses associated with the operations of the parent entity, Global Casinos, Inc., including legal services provided by the company's principal executive officer, and accounting services provided by the company's principal accounting officer, as well as clerical and bookkeeping services, corporate marketing efforts, and stock-based compensation costs relating to the company's executive officers, directors, and subsidiary management. For the year ended June 30, 2007, total operating, general, and administrative costs were \$261,297, as compared to \$220,075 for the year ended June 30, 2006, an

increase of \$41,222 or 18.7%. Accounting and legal services decreased by \$7,366, from \$145,911 to \$138,545 for the year ended June 30, 2006 and 2007, respectively. In addition, for the year ended June 30, 2006 we spent \$11,500 attributable to certain corporate marketing efforts. No such expense was realized for the year ended June 30, 2007.

Prior to January 2006, we leased approximately 4,200 square feet of space for use as our corporate offices. The lease required monthly payments of approximately \$3,500. A portion of the space was subleased for monthly rental income of approximately \$2,500. In January 2006, the lease with the landlord was terminated and assumed by Gunpark Asset Management, LLC (Gunpark), a company operated by the former President and Director. Concurrent with the lease termination, we entered into a Shared Services Agreement with Gunpark. The agreement requires Gunpark provide sufficient office space to us, and requires the us make monthly payments directly to the landlord of \$3,000. The monthly payment is allocated as \$2,000 to rent expense, and \$1,000 to clerical services. As a result of this change, our total annual rent expense for this space has increased to \$24,000 from \$18,000, an increase of \$6,000 for the year ended June 30, 2007 over the year ended June 30, 2006. This agreement expired on December 31, 2006 and was extended under the same terms to December 31, 2007 by mutual agreement.

The primary reason for the increase in operating, general and administrative costs results from a charge of \$70,631 for non-cash stock based compensation expense associated with the vesting of certain stock options granted in April 2006, and the extension of an option grant to the general manager of the Bull Durham Casino that expired in January 2007.

In fiscal year 2007, we adopted the provisions of, and account for stock-based compensation in accordance with, the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standards No. 123 revised 2004 (SFAS 123R), *Share-Based Payment* which replaced Statement of Financial Accounting Standards No. 123 (SFAS 123), *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the period during which the holder is required to provide services in exchange for the award, i.e., the vesting period. We elected the modified-prospective method, under which prior periods are not revised for comparative purposes. Had we accounted for stock-based compensation under SFAS 123R for the year ended June 30, 2006, we would have recognized \$40,967 in additional compensation costs for 2006, which would have resulted in net income of \$76,300 (\$.02 per share) for the year ended June 30, 2006.

Other than that noted above, neither period included any unusual items or significant fluctuations.

Interest Expense

Interest expense was \$93,800 for the year ended June 30, 2007 compared to \$370,071 for 2006. During 2005, we issued 12% convertible debentures with detachable warrants and a beneficial conversion feature. Included in interest expense for the year ended June 30, 2006 is \$250,000 of amortization attributable to the debt discounting resulting from the valuation of the detachable warrants and beneficial conversion feature. Interest expense for the year ended

June 30, 2007 is attributed to regularly scheduled payments on various senior and junior mortgages collateralized by the Bull Durham Saloon and Casino real estate. Monthly interest expense is expected to continue to

decrease as the principal balances of our mortgage notes continue to decrease through normal debt service.

Other

On February 28, 2006, we entered into an Organization Agreement with a certain individual to form a for-profit limited liability company under the name of Global Gaming Technologies, LLC (GGT). GGT was formed for the purpose of bringing to market two games of poker developed by the other party to the agreement, whose contribution included all of his intellectual property rights related to the two games which he developed. At the present time, both games are still under development and neither has been approved for use in any gaming jurisdiction. At this time GGT has no revenues and is considered to be in an early development stage. The investment is being accounted for under the equity method. Its cash outlays have primarily been related to investigating patent protection for the products under development and for various product development and organizational start-up costs. For the year ended June 30, 2007 we have recorded \$30,465 for various GGT organizational start-up and product development expenditures.

The gain from settlement of debt in the amount of \$2,290 for the year ended June 30, 2006 represents the negotiated settlement of a junior mortgage note payable that was paid off prior to its scheduled maturity in 2009.

The loss on asset disposals of \$2,123 for the year ended June 30, 2006, and the gain on asset disposals of \$1,950 for the year ended June 30, 2007 resulted from the retirement and sale of certain casino equipment and fixtures.

For federal income tax purposes, Global has a net operating loss carryover (NOL) approximating \$6,125,000, which can be used to offset future taxable income, if any. Under the Tax Reform Act of 1986, the amounts of and the benefits from NOL's are subject to certain limitations including restrictions imposed when there is a loss of business continuity or when ownership changes in excess of 50% of outstanding shares, under certain circumstances. Thus, there is no guarantee that we will be able to utilize this NOL before it expires and no potential benefit has been recorded in the financial statements.

Inflation did not have a material impact on the Company's operations for the period.

Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on the Company's results of operations.

Liquidity and Capital Resources

Our primary source of cash is internally generated through operations. Historically, cash generated from operations has not been consistently sufficient to satisfy working capital requirements and capital expenditures. Consequently, we have depended on funds received through debt and equity financing to address these shortfalls. We have also relied, from time to time, upon loans from affiliates to meet immediate cash demands. There can be no assurance that these affiliates or other related parties will continue to provide funds to us in the future, as there is no legal obligation on these parties to provide such loans.

As of June 30, 2007, neither the Company nor its subsidiaries have commercial bank credit facilities. Consequently, we believe that cash necessary for future operating needs must be internally generated through operations. Cash flow at the Company's sole operating subsidiary has been sufficient to fund operations at that subsidiary and we believe that cash flow will be sufficient during the next twelve months to continue operation of the subsidiary.

At June 30, 2007, the Company had cash and cash equivalents of \$1,563,968, substantially all of which was utilized in our casino operations. Pursuant to state gaming regulations, the casino is required to maintain cash balances sufficient to pay potential jackpot awards. Our cash balance at June 30, 2007 was in excess of funds required by gaming regulations.

Our working capital improved by \$398,020 to \$1,092,565 at June 30, 2007 from \$694,545 at June 30, 2006, primarily because of cash flow from operating activities.

Cash provided by operating activities was \$861,234 for the year ended June 30, 2007. For the year ended June 30, 2006, operating activities provided net cash of \$644,748. The increase in cash provided by operating activities of \$216,486 was primarily the result of non-cash stock based compensation charges resulting from the vesting of certain incentive stock options, increases in short term payables and accrued expenses, as well as significant reductions in interest expense as discussed above.

Cash used in investing activities was \$225,359 for the year ended June 30, 2007 included \$81,934 in cash purchases of gaming equipment. Additional gaming equipment valued at \$99,772 was acquired in a vendor financing arrangement which required monthly payments of \$8,314 through August 2007. For the year ended June 30, 2008 we expect to spend approximately \$200,000 in capital expenditures primarily to continue our efforts to upgrade and purchase new slot machines. We expect much of this activity to continue to be short-term financed by our vendors under favorable terms. In addition, the Bull Durham completed various building improvements including a new roof and paving at a cost of \$19,143.

Effective June 14, 2007, the Company entered into a definitive Asset Purchase and Sale Agreement (Agreement) with Doc Holliday Casino, LLC (Doc Holliday), a Colorado limited liability company to acquire substantially all of the tangible and intangible assets used in connection with the operation of Doc Holliday Casino, a limited stakes gaming casino located in Central City, Colorado. On June 20, 2007, we deposited \$100,000 to an escrow account as required by the Agreement. The earnest money funds are part of the total purchase price per the Agreement. It is anticipated Doc Holliday will incur audit and other financial costs associated with the acquisition. The earnest money is to be paid to Doc Holliday as liquidated damages in the event the acquisition can not be consummated due to the Company's breach of the Agreement, or because of its inability to complete the necessary financing.

On February 28, 2006, we entered into an Organization Agreement with a certain individual to form a for-profit limited liability company under the name of Global Gaming Technologies, LLC (GGT). GGT was formed for the purpose of bringing to market two games of poker developed by the other party to the agreement, whose contribution

included all of his intellectual property rights related to the two games which he developed. At the present time, both games are still under development and neither has been approved for use in any gaming jurisdiction. Under the terms of the agreement we agreed to make an initial cash contribution to GGT of \$100,000 in exchange for a 25% equity interest. As of June 30, 2007, we had made total cash contributions totaling \$60,000,

\$50,000 since June 30, 2006. The balance due of \$40,000 under the terms of the agreement has been recorded as a current liability. The timing of the future cash payments required under the agreement is dependent upon the cash requirements of GGT to execute its business plan. Also under the terms of the agreement, we have the option to make additional cash contribution of \$100,000 in exchange for an additional 25% equity interest. At this time GGT has no revenues and is considered to be in an early development stage. The investment is being accounted for under the equity method. Its cash outlays have primarily been related to investigating patent protection for the products under development and for various product development and organizational start-up costs. For the year ended June 30, 2007 we have recorded \$30,465 for various GGT organizational start-up and product development expenditures.

For the year ended June 30, 2006, we used net cash of \$27,225 in investing activities, also primarily for capital expenditures, and also acquired an additional \$271,940 in gaming equipment through vendor financing arrangements.

Cash flows used in financing activities decreased \$99,008 to \$253,815 for the year ended June 30, 2007, compared to cash used of \$352,823 in 2006. The \$260,315 for the year ended June 30, 2007 represents principal payments on our mortgage debt and equipment financing obligations. For the year ended June 30, 2006, principal payments on debt were \$467,823, which included approximately \$79,000 attributable to payments made for the purchase of the Oasis Casino Management System. In February 2007, certain employee stock purchase options were exercised resulting in the issuance of 50,000 shares of common stock and proceeds of \$6,500. In December 2005, certain stock purchase warrants and employee stock options were exercised resulting in cash proceeds of \$115,000.

Effective January 3, 2005 the Company finalized the private placement of convertible debentures that bore interest at 12% and were to mature on December 31, 2007. The debentures were sold at face value for gross proceeds of \$500,000 and were secured by a pledge of 100% of our shares of Casinos USA. The debentures are convertible into common stock at a conversion rate of \$0.50 per share. Holders of the debentures also received warrants to purchase 500,000 shares of common stock at an exercise price of \$0.15 per share. All holders of the debentures agreed that the entire principal amount of the debentures would automatically convert into shares of common stock on December 31, 2005 and as such the debentures were converted to 1,000,000 shares of common stock on December 31, 2005.

The warrants were valued using the Black Scholes option pricing model based on the market price of the common stock at the commitment date. The warrant valuation of \$237,000 was allocated to additional paid in capital. After allocating value to the warrants, we used the intrinsic value method to determine that all the remaining proceeds should be allocated to the embedded beneficial conversion feature. As such, \$263,000 was credited to additional paid in capital. The total allocation of \$500,000 was amortized over 12 months (ending December 31, 2005) to coincide with the term of the conversion feature. Amortization expense during the nine months ended March 31, 2006 was \$250,000 and is included in interest expense.

Acquisition

Effective June 14, 2007, the Company entered into a definitive Asset Purchase and Sale Agreement (Agreement) with Doc Holliday Casino, LLC (Doc Holliday), a Colorado limited liability company to acquire substantially all of the tangible and intangible assets used in connection with the operation of Doc Holliday Casino, a limited stakes gaming casino located in Central City, Colorado. The purchase price is \$2.4 million, subject to adjustments, payable with a combination of cash, the assumption of certain liabilities and trade payables and common stock. The purchase price is subject to certain post-Closing adjustments. Completion of the acquisition is subject to numerous material contingencies, including the need to complete an equity financing and debt financing, the need for regulatory approvals from the Colorado Division of Gaming and the Local Liquor Licensing Authority, the completion of audited historical financial statements of Doc Holliday Casino, as well as other conditions precedent customary to transactions of this nature.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Securities and Exchange Commission regulation S-K.

Use of Estimates and Assumptions

The preparation of financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included herein relate to the recoverability of assets, the value of long-lived assets and liabilities, the value of share based compensation transactions, the long-term viability of the business, the future impact of gaming regulations, and future obligations under various tax statutes. Actual results may differ from estimates.

Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on the Company's liquidity and capital resources.

ITEM 7. FINANCIAL STATEMENTS

The following consolidated financial statements are filed as part of this report:

1. Report of Independent Registered Public Accounting Firm Schumacher & Associates
2. Balance Sheet as of June 30, 2007
3. Statements of Earnings for the Years Ended June 30, 2007 and 2006
4. Statements of Stockholders' Equity for the Years Ended June 30, 2007 and 2006
5. Statements of Cash Flows for the Years Ended June 30, 2007 and 2006
6. Notes to Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors

Global Casinos, Inc.

We have audited the accompanying balance sheet of Global Casinos Inc. and Consolidated Subsidiaries as of June 30, 2007, and the related Statements of Operations, Stockholders' Equity (deficit), and Cash Flows for the two years ended June 30, 2007 and 2006. 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 the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. 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 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 Global Casinos, Inc. and Consolidated Subsidiaries as of June 30, 2007, and the results of its operations and cash flows for the two years ended June 30, 2007 and 2006, in conformity with accounting principles generally accepted in the United States of America.

SCHUMACHER & ASSOCIATES, INC.

Denver, Colorado
October 8, 2007

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

as of June 30, 2007

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,563,968
Accrued gaming income	39,273
Inventory	7,410
Other	13,606
Total current assets	1,624,257

Acquisition escrow deposit 100,000

Investment in Global Gaming Technologies 69,535

Land, building and improvements, and equipment:

Land	517,950
Building and improvements	4,110,685
Equipment	2,347,232
Total land, building and improvements, and equipment	6,975,867
Accumulated depreciation	(3,383,760)
Land, building and improvements, and equipment, net	3,592,107

Total assets \$ 5,385,899

LIABILITIES AND STOCKHOLDERS'
EQUITY

Current liabilities:

Accounts payable, trade	\$ 47,226
Accounts payable, related parties	24,850
Accrued expenses	243,100
Accrued interest	3,852
Joint venture obligation	40,000
Current portion of long-term debt	52,664
Other	120,000
Total current liabilities	531,692

Long-term debt, less current portion 1,899,647

Commitments and contingencies

Stockholders' equity:

Preferred stock: 10,000,000 shares authorized

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Series A - no dividends, \$2.00 stated value, non-voting, 2,000,000 shares authorized, 200,500 shares issued and outstanding	401,000
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	-
Common stock - \$0.05 par value; 50,000,000 shares authorized; 5,202,907 shares issued and outstanding	260,146
Additional paid-in capital	13,632,564
Accumulated (deficit)	(11,339,150)
Total equity	2,954,560
Total liabilities and stockholders' equity	\$ 5,385,899

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

for the years ended June 30, 2007 and 2006

	2007	2006
Revenues:		
Casino	\$ 3,738,142	\$ 3,957,477
Promotional allowances	(160,020)	(120,776)
Net Revenues	\$ 3,578,122	\$ 3,836,701
Expenses:		
Casino operations	3,071,360	3,133,528
Operating, general, and administrative	261,297	220,075
	3,332,657	3,353,603
Income from operations	245,465	483,098
Other income (expense):		
Interest expense	(93,800)	(370,071)
Equity in earnings of Global Gaming Technologies	(30,465)	-
Gain (loss) on asset disposals	(2,123)	1,950
Gain from debt settlement	-	2,290
Income before provision for income taxes	119,077	117,267
Provision for income taxes	-	-
Net income (loss) attributable to common stockholders	119,077	117,267
Earnings (loss) per common share:		
Basic	\$ 0.02	\$ 0.03
Diluted	\$ 0.02	\$ 0.02
Weighted average shares outstanding:		
Basic	5,158,249	4,246,627
Diluted	5,273,247	4,713,419

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
July 1, 2005 through June 30, 2007

	SERIES A		SERIES B		SERIES C		COMMON STOCK		A
	PREFERRED STOCK		PREFERRED STOCK		PREFERRED STOCK		COMMON STOCK		
	Number		Number		Number		Number		
	Of		Of		Of		of		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Balance as of June 30, 2005	200,500	\$ 401,000	-	\$ -	-	\$ -	3,321,360	\$ 166,068	\$ 1
Convert accounts payable to common stock	-	-	-	-	-	-	3,297	165	
Settlement of account	-	-	-	-	-	-	-	-	
Convert debt to common stock	-	-	-	-	-	-	1,000,000	50,000	
Settlement of debt	-	-	-	-	-	-	22,250	1,113	
Exercise of options and warrants	-	-	-	-	-	-	800,000	40,000	
Common stock issued for services	-	-	-	-	-	-	6,000	300	
Net Income	-	-	-	-	-	-	-	-	
Balance as of June 30, 2006	200,500	401,000	-	-	-	-	5,152,907	257,646	1
Exercise of options	-	-	-	-	-	-	50,000	2,500	
Stock based compensation									

Net Income

			\$							
Balance as of		\$	-	-	-	\$		\$		
June 30, 2007	200,500	401,000					-	5,202,907	260,146	\$ 1

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

for the years ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	119,077	117,267
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	480,390	448,024
Equity in earnings of GGT	30,465	-
Amortization of debt discount	-	250,000
Gain on debt restructuring	-	(2,290)
Stock based compensation	70,631	6,000
(Gain) loss on asset disposals	2,123	(1,950)
Changes in assets and liabilities		
Accrued gaming income	55,655	(24,405)
Inventories	170	(1,465)
Accounts payable	43,701	(114,350)
Accrued expenses	42,937	36,319
Accrued interest	(10)	(45,941)
Other	16,095	(22,461)
Net cash provided by operating activities	\$ 861,234	\$ 644,748
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Global Gaming Technologies	(50,000)	(10,000)
Payment to acquisition escrow	(100,000)	-
Purchases of building improvements and equipment	(81,934)	(23,525)
Proceeds from sales of assets	6,575	6,300
Net cash (used) by investing activities	(225,359)	(27,225)
CASH FLOWS FROM FINANCING ACTIVITIES:		

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Principal payments on long-term debt	(260,315)	(467,823)
Proceeds from exercise of warrants and stock options	6,500	115,000
Net cash (used) by financing activities	(253,815)	(352,823)
Net increase in cash	382,060	264,700
Cash at beginning of period	1,181,908	917,208
Cash at end of period	\$ 1,563,968	\$ 1,181,908

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for interest	\$ 112,589	\$ 173,582
Cash paid for income taxes	\$ -	\$ -

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING

AND FINANCING ACTIVITIES

Equipment financing obligations	\$ 99,772	\$ 271,940
Debt converted to common stock	\$ -	\$ 500,000
Accounts payable and accrued expenses converted to common stock	\$ -	\$ 25,250

GLOBAL CASINOS, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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 a gaming casino. The consolidated financial statements of the Company include the accounts of its wholly owned subsidiary. All significant inter-company accounts and transactions have been eliminated in consolidation.

Operations

As of June 30, 2007, the Company had one operating subsidiary, as follows:

CASINOS USA, INC. ("Casinos USA"), a Colorado corporation, which owns and operates the Bull Durham Saloon and Casino ("Bull Durham"), located in the limited stakes gaming district in Black Hawk, Colorado.

Use of Estimates and Assumptions

The preparation of financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included herein relate to the recoverability of assets, the value of long-lived assets and liabilities, the value of share based compensation transactions, the long-term viability of the business, the future impact of gaming regulations, and future obligations under various tax statutes. Actual results may differ from estimates.

Risk Considerations

The Company operates in a highly regulated environment subject to the political process. Our retail gaming license is subject to annual renewal by the Colorado Division of Gaming. Changes to existing statutes and regulations could have a negative effect on our operations. In addition, since the Company has its only facility in Black Hawk, Colorado, the potential for severe financial impact can result from negative effects of economic conditions within the market or geographic area. This concentration results in an associated risk and uncertainty.

Concentrations of Credit Risk

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash and cash equivalents, and accounts receivables. At June 30, 2007, the Company had approximately \$800,000 of cash or cash equivalents in financial institutions in excess of amounts insured by agencies of the U.S. Government.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The Company's financial instruments include cash, accrued gaming income, accounts payable, accrued expenses, other current liabilities and long-term debt. Except for long-term debt, the carrying value of financial instruments approximated fair value due to their short maturities.

The carrying value of long-term debt approximated fair value because stated interest rates on these instruments are similar to quoted rates for instruments with similar risks.

Cash and Cash Equivalents

Cash consists of demand deposits and vault cash used in casino operations. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accrued Gaming Income

Gaming income represents the difference between the cash played by customers, and the cash paid out by the casino machines. On a regular basis, the cash representing the casino's revenue is pulled from the machines and deposited. However, this process does not always occur at the end of the last business day of the month. Accrued gaming income represents the amount of revenue (cash) in the machines that has not yet been pulled and deposited at the end of the reporting period. At June 30, 2007, \$39,273 of income was accrued and recorded as a current asset.

Inventories

Inventories primarily consist of food and beverage supplies and are stated at the lower of cost or market. Cost is determined by the specific-cost method.

Land, Building and Improvements, and Equipment

Land, building and improvements, and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives. The building is depreciated over 31 years, and improvements and equipment are depreciated over five to seven years. Depreciation expense for the years ended June 30, 2007 and 2006 was \$480,390 and \$448,024, respectively.

Impairment of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company evaluates its long-lived assets for

impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value to future undiscounted cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is determined as the amount by which the carrying value exceeds the fair value of the assets. Management believes that as of June 30, 2007, there is no impairment in the carrying value of its long-lived assets.

Debt with Detachable Warrants and/or Beneficial Conversion Feature

The Company accounts for the issuance of detachable stock purchase warrants in accordance with Accounting Principles Board Opinion 14 ("APB 14"), whereby we separately measure the fair value of the debt and the detachable warrants and allocate the proceeds from the debt on a pro-rata basis to each. The resulting discount from the fair value of the debt allocated to the warrants, which is accounted for as paid-in capital, is amortized over the estimated life of the debt.

In accordance with the provisions of Emerging Issues Task Force Issue 98-5 and EITF 00-27, we allocate a portion of the proceeds received to any embedded beneficial conversion feature, based on the difference between the effective conversion price of the proceeds allocated to the convertible debt and the fair value of the underlying common stock on the date the debt is issued. In the event the convertible debt also had detachable stock purchase warrants, we first allocate proceeds to the stock purchase warrants and the debt and then allocate the resulting debt proceeds between the beneficial conversion feature, which is accounted for as paid-in capital, and the initial carrying amount of the debt. The discount resulting from the beneficial conversion feature is amortized over the estimated life of the debt.

Revenue Recognition

In accordance with gaming industry practice, the Company recognizes casino revenues as the net win from gaming activities, which is the difference between gaming wins and losses. Anticipated payouts resulting from our customer loyalty program (Sharpshooter's Club), in which registered customers are awarded cash based on the frequency and amounts of their gaming activities are included in promotional allowances. In accordance with gaming industry practice and EITF 00-22, these promotional allowances are presented as a reduction of casino revenues.

Advertising Costs

The Company expenses all advertising costs as they are incurred. Advertising costs were \$180 and \$170 for the years ended June 30, 2007 and 2006, respectively.

Income Taxes

The Company uses the liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates resulting from new legislation is recognized in income in the period of enactment. A valuation allowance is established against deferred tax

assets when management concludes that the "more likely than not" realization criteria has not been met.

Earnings (Loss) Per Common Share

Earnings (or loss) per share ("EPS") are calculated in accordance with the provisions of SFAS No. 128, *Earnings Per Share*. SFAS No. 128 requires the Company to report both basic earnings per share, which is based on the weighted-average number of common shares outstanding, and diluted earnings per share, which is based on the weighted-average number of common shares outstanding plus all dilutive potential common shares outstanding, except where the effect of their inclusion would be anti-dilutive.

Potentially dilutive shares of 28,636 and 127,451 were not included in the calculation of diluted earnings per share for the year ended June 30, 2007 and 2006, respectively, as their inclusion would have been anti-dilutive. For the year ended June 30, 2007, the anti-dilutive shares represented certain out of the money stock options. For the year ended June 30, 2006, the anti-dilutive shares represented certain shares of common stock that would be issued upon conversion of certain convertible debt that was outstanding at June 30, 2006.

Stock-Based Compensation

During the year ended June 30, 2007, we adopted the provisions of, and account for stock-based compensation in accordance with, the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standards No. 123 revised 2004 (SFAS 123R), *Share-Based Payment* which replaced Statement of Financial Accounting Standards No. 123 (SFAS 123), *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the period during which the holder is required to provide services in exchange for the award, i.e., the vesting period. We elected the modified-prospective method, under which prior periods are not revised for comparative purposes. The valuation provisions of SFAS 123R apply to new grants and to grants that were outstanding as of the effective date and are subsequently modified. Estimated compensation for grants that were outstanding as of the effective date will be recognized over the remaining service period using the compensation cost estimated for the SFAS 123 pro forma disclosures.

For the year ended June 30, 2007 we recorded compensation expense of \$70,631, respectively, under the requirements as discussed above. No such expense was recorded for the year ended June 30, 2006.

Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income*, established standards for reporting and display of comprehensive income, its components and accumulated balances. For the years ended June 30, 2007 and 2006, there were no differences between reported net income and comprehensive income.

Derivative Instruments and Hedging Activities

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, established requirements for disclosure of derivative instruments and hedging activities. During the periods covered by the financial statements the Company did not have any derivative financial instruments and did not participate in hedging activities.

Segment Information

The Company currently operates in one business segment as determined in accordance with SFAS No. 131, *Disclosure about Segments of an Enterprise and Related Information*. The determination of reportable segments is based on the way management organizes financial information for making operating decisions and assessing performance. All operations are located in the United States of America.

Recent Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 clarifies how to measure fair value as permitted under other accounting pronouncements, but does not require any new fair value measurements. The Company is required to adopt SFAS No. 157 as of January 1, 2008. The adoption of SFAS No. 157 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with unrealized gains and losses related to these financial instruments reported in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 159 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

There were various other accounting standards and interpretations issued during 2007 and 2006, none of which are expected to have a material impact on the Company's consolidated financial position, operations, or cash flows.

2. NOTES PAYABLE AND LONG-TERM DEBT

At June 30, 2007, notes payable and long-term debt consisted of the following:

Senior mortgages payable to an investment company, collateralized by real estate, interest at 7%, monthly payments of \$6,768 through September 2009. Final payment of \$943,000.

\$974,571

Junior mortgages payable to private lenders, collateralized by real estate, interest at 4%, monthly payments of \$5,054 through September 2009. Final payment of \$909,000.

961,111

Installment note payable to equipment supplier, collateralized by gaming equipment, no interest, due in monthly installments of \$8,811.

16,629

Total Notes payable and long-term debt 1,952,311

Less current portion (52,664)

Long-term debt, net \$1,899,647

Scheduled maturities of notes payable and long-term debt for the years ending June 30 are as follows:

2008	\$ 52,665
2009	37,928
2010	<u>1,861,718</u>
Total	<u>\$ 1,952,311</u>

Effective January 3, 2005 the Company finalized the private placement of convertible debentures that bear interest at 12% and mature on December 31, 2007. The debentures were sold at face value for gross proceeds of \$500,000 and collateralized by a pledge of 100% of our shares of Casinos USA. The debentures were convertible into common stock at a conversion rate of \$0.50 per share. On December 31, 2005 all the debentures automatically converted to 1,000,000 shares of common stock. Holders of the debentures also received warrants to purchase 500,000 shares of common stock at an exercise price of \$0.15 per share. In December 2005, all these warrants were exercised by the warrant holders.

The warrants were valued using the Black Scholes option pricing model based on the market price of the common stock at the commitment date. The warrant valuation of \$237,000 was allocated to additional paid in capital. After allocating value to the warrants, we used the intrinsic value method to determine that all of the remaining proceeds should be allocated to the embedded beneficial conversion feature. As such, \$263,000 was credited to additional paid in capital. The total allocation of \$500,000 was amortized over 12 months to coincide with the term of the conversion feature. Amortization expense during the year ended June 30, 2006 was \$250,000 and was included in interest expense. No such expense was recorded for the year ended June 30, 2007.

During the year ended June 30, 2005, the proceeds from the debentures offering were used to retire certain debt owed to our senior creditor ("Astraea") and to redeem an option held by Astraea. The outstanding principal plus accrued interest under this portion of the Astraea debt aggregated \$442,488. The option allowed Astraea to purchase all of the common stock of Casinos USA (including the Bull Durham assets and operations) for a purchase price of \$100. The arrangement

with Astraea required the Company to retire the outstanding principal, plus accrued interest, plus pay an option redemption fee of \$82,012.

During the year ended June 30, 2007, the Company entered into an installment note agreement with an equipment supplier for the acquisition of gaming equipment having a purchase price of \$99,772, net of trade-in values. The financing agreement bears no interest and had a twelve month term. The equipment supplier retains a security interest in the gaming equipment until the note is paid in full. At June 30, 2007, the note had an outstanding balance of \$16,629.

4. STOCKHOLDERS' EQUITY

Preferred Stock

The Company has authorized 10,000,000 shares of preferred stock. These shares may be issued in series with such rights and preferences as may be determined by the Board of Directors.

Series A Convertible Redeemable Preferred Stock

The Company's Board of Directors has authorized 2,000,000 shares of \$2.00 stated value, Series A Preferred Stock. The preferred stock has a senior liquidation preference value of \$2.00 per share. It does not bear dividends. The conversion privileges originally included with the stock have expired. The preferred stock originally contained a mandatory redemption feature that required the Company to redeem the outstanding stock on May 31, 1995 at a rate of \$2.00 per share. On May 31, 1995, a majority of the preferred stockholders agreed to waive the mandatory redemption in consideration for a lower conversion price into common shares at \$1.125 per share. Subsequently, holders of 1,205,750 shares of Series A preferred stock converted their holdings into common stock. The remaining 200,500 outstanding shares of Series A preferred stock are held by owners who chose not to participate in the revised offer. During the year ended June 30, 2005, the Company determined that the mandatory redemption feature expired due to the statute of limitations. Accordingly, the Series A preferred stock was reclassified from current liabilities to stockholders' equity.

Series B Convertible Redeemable Preferred Stock

The Company's Board of Directors has authorized 400,000 shares of \$10.00 stated value, Series B Convertible Preferred Stock. Each share of Series B preferred stock is convertible into one share of the Company's common stock or may be redeemed at an exercise price of \$10.00 per share. In addition, the Series B shares have a junior liquidation

preference of \$10.00 per share. Holders of the Series B preferred stocks are entitled to receive an annual dividend payable at the rate of 8% per annum, which is cumulative, and unpaid dividends bear interest at an annual rate of 12%. As of June 30, 2006, there were no shares outstanding.

Series C Convertible Preferred Stock

In January 1999, the Board of Directors of the Company ratified the issuance of Series C preferred stock. The Company has authorized 600,000 Series C shares with a stated value of \$1.20 per share. Series C shares are convertible into common stock at a rate of \$1.20 per share. Holders of Series C preferred stock are entitled to vote and to receive dividends at the annual rate of 7% based on the stated value per share. In addition, the holders of Series C preferred stock are entitled to participate,

pro rata, in dividends paid on outstanding shares of common stock. The dividends are cumulative and unpaid dividends bear interest at an annual rate of 10%.

Effective April 30, 2005, the remaining 39,101 Series C preferred shares outstanding were redeemed by the Company for a cash payment of \$74,626, including accrued dividends and interest thereon.

Warrants to Purchase Common Stock

In December 2005, holders of certain warrants exercised their rights to purchase shares of common stock. Accordingly, 650,000 shares of the Company's common stock were issued at the price of \$.15 per share.

A summary of warrants to purchase common stock is as follows:

	Number of Shares	Weighted Average Exercise Price
Balance at June 30, 2005	650,000	
Exercised	<u>(650,000)</u>	\$ 0.15
Balance at June 30, 2006	-	
Issued and exercised	-	
Balance at June 30, 2007	-	

Common Stock

The Company has authorized 50,000,000 shares of \$0.05 par value common stock.

On January 5, 2007, the stockholders approved a proposal to adopt and approve a reverse split of up to a ratio of one-for-five of the issued and outstanding shares of our common stock, and issued and outstanding options, warrants and other rights convertible into shares of our common stock, all at the discretion of our Board of Directors to be implemented in the future as and when determined by our Board of Directors.

On January 30, 2007, a previously awarded stock option grant to our General Manager at the Bull Durham Casino that was to expire on that date was extended for an additional year. Total compensation cost associated with the extension was \$29,664, and is included in operating, general, and administrative expenses for the three and nine months ended March 31, 2007. The fair value of the option extension was estimated utilizing the Black-Scholes option pricing model with the following assumptions: expected life of 0.5 years; expected volatility of 65%; risk free interest rate of 5.11% and no dividend yield. On February 20, 2007 all the options associated with the extension were exercised, and as a result, 50,000 shares of common stock were issued. The Company realized proceeds of \$6,500 associated with the exercise of the options.

In June 2006, an officer agreed to convert \$3,000 due for services performed for the Company into shares of common stock. Accordingly, 3,297 shares were issued at \$.91 per share, the closing price of the Company's common stock on the previous day.

As discussed in Note 2, in December 2005, the 12% debentures automatically converted into shares of the Company's common stock at \$.50 per share. Accordingly, 1,000,000 shares of common stock were issued at \$.50 per share.

On December 1, 2005, the Company settled a dispute with a former note holder. As part of the settlement, the former note holder received 22,250 shares of the Company's common stock valued at \$1.00 per share, the closing price of the Company's common stock on the previous day.

In December 2005, holders of certain warrants exercised their rights to purchase shares of common stock. Accordingly, 650,000 shares of the Company's common stock were issued at the price of \$.15 per share.

Also, in December 2005, a former officer and director of the Company exercised certain options to purchase the Company's common stock. Accordingly, 150,000 shares of the common stock were issued at an average price of approximately \$.12 per share.

During the year ended June 30, 2006, 6,000 shares of the Company's common stock valued at \$1.00 per share, the average stock price during the period of the agreement, were issued under a marketing services agreement.

5. COMMITMENTS AND CONTINGENCIES

Michael Jacobs vs. Global Casinos, Inc.

This matter was filed as a civil action, which has been stayed since 1998, pending mandatory arbitration. There has been no action to prosecute the arbitration whatsoever and the matter has been dormant since 1998. Mr. Jacobs was a former employee of the Company in Dallas, Texas and is asserting claims for compensation for services rendered while under the supervision of William P. Martindale at the Company's then existing Dallas, Texas office. The Company believes that the likelihood of a material adverse outcome in this matter is remote.

Leases

Prior to January 2006, the Company leased approximately 4,200 square feet of space used as its corporate offices. The lease required monthly payments of approximately \$3,500. A portion of the space was subleased for monthly rental income of approximately \$2,500. In January 2006, the lease with the landlord was terminated and assumed by Gunpark Asset Management, LLC (Gunpark), a company operated by the Company's former President and Director. Concurrently, the Company entered into a Shared Services Agreement with Gunpark. The agreement requires Gunpark provide sufficient office space to the Company, and requires the Company make monthly payments directly to the landlord of \$3,000. The monthly payment is allocated as \$2,000 to rent expense, and \$1,000 to clerical services. The agreement expired on December 31, 2006 and was extended under the same terms to December 31, 2007 by mutual agreement.

Minimum required payments through the remaining term of the Shared Services Agreement for fiscal year 2008 are \$18,000.

Net rent expense after giving effect to sublease income received was \$24,000 and \$18,000 for the years ended June 30, 2007 and June 30, 2006, respectively.

6. INCOME TAXES

The Company and its subsidiaries are subject to income taxes on income arising in, or derived from, the tax jurisdictions in which they operate.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are comprised mainly of net operating loss carry-forwards.

The reconciliation between the statutory federal tax rate and the effective tax rate as a percentage is as follows:

	<u>2007</u>	<u>2006</u>
Statutory federal income tax rate	34%	34%
Effect of net operating loss carry-forward	<u>(34)</u>	<u>(34)</u>
	<u>-%</u>	<u>-%</u>

At June 30, 2007, the Company had net operating loss carry forwards of approximately \$6,125,000 available to reduce future taxable income. The net operating loss carry forwards expire in the years ending June 30 as follows:

2010	996,000
2011	518,000
2012	790,000
2013	1,985,000
2014	316,000
2015	985,000
2016	<u>82,000</u>

\$5,672,000

When more than a 50% change in ownership occurs, over a three-year period, as defined, the Tax Reform Act of 1986 limits the utilization of net operating loss (NOL) carry forwards in the years following the change in ownership.

Therefore, the Company's utilization of its NOL carry forwards may be partially reduced as a result of changes in stock ownership. No determination has been made as of June 30, 2007, as to what implications, if any, there will be in the net operating loss carry forwards of the Company. In addition, the Company has a limited history of earnings, and there is no guarantee of future earnings to offset the net operating loss carry forwards. The deferred tax asset of approximately \$1,928,000 is offset by a valuation allowance due to the uncertainty of the realization of the net operating loss carry forwards. The net change in the valuation allowance was approximately \$188,000 from June 30, 2006 to June 30, 2007.

7. STOCK INCENTIVE PLAN

The Company has a Stock Incentive Plan (the "Incentive Plan"), that allows the Company to grant incentive stock options and/or purchase rights (collectively "Rights") to officers, employees, former employees and consultants of the Company and its subsidiaries.

A summary of stock option activity is as follows:

	Number of <u>shares</u>	Weighted average Exercise <u>price</u>	Weighted average fair <u>value</u>
Balance at June 30, 2005	300,000	\$ 0.11	
Granted	135,000	\$ 1.00	\$ 0.60
Exercised	<u>(150,00)</u>	\$ 0.12	
Balance at June 30, 2006	285,000	\$ 0.53	
Exercised	50,000	\$ 0.13	
Balance at June 30, 2007	<u>235,000</u>	\$ 0.62	

The following table summarizes information about fixed-price stock options at June 30, 2007:

Exercise <u>Prices</u>	<u>Outstanding</u>		Weighted- Average Exercise <u>Price</u>	<u>Exercisable</u>	
	Weighted Average Number <u>Outstanding</u>	Weighted Average Contractual <u>Life</u>		Weighted- Average Exercise <u>Price</u>	Number <u>Exercisable</u>
\$ 0.10	100,000	2.1 years	\$ 0.10	100,000	\$ 0.10
\$ 1.00	<u>135,000</u>	5.5 years	\$ 1.00	<u>135,000</u>	\$ 1.00
	<u>235,000</u>			<u>235,000</u>	

During the year ended June 30, 2007, we adopted the provisions of, and account for stock-based compensation in accordance with, the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standards No. 123 revised 2004 (SFAS 123R), *Share-Based Payment* which replaced Statement of Financial Accounting Standards No. 123 (SFAS 123), *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the period during which the holder is required to provide services in exchange for the award, i.e., the vesting period. We elected the modified-prospective method, under which prior periods are not revised for comparative purposes. The valuation provisions of SFAS 123R apply to new grants and to grants that were outstanding as of the effective date and are subsequently modified. Estimated compensation for grants that were outstanding as of the effective date will be recognized over the remaining service period using the compensation cost estimated for the SFAS 123 pro forma disclosures.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility as well as expected trends for any known or expected events that might affect the volatility of our future stock prices. Because of the lack of historical forfeiture data, no adjustments to the expected option life were made for expected forfeitures. The expected life represents an estimate of the time options are expected to remain outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. treasury yield in effect at the time of grant.

The following table sets forth fair value per share information, including related assumptions, used to determine compensation cost for the Company's stock options consistent with the requirements of SFAS No. 123(R) for 2007 and SFAS No. 123 for 2006:

	Years ended	
	June 30,	
	2007	2006
Weighted-average fair value per share of options granted or modified during the year (estimated on grant date using the Black-Scholes option pricing model)	\$ 0.59	\$ 0.60
Weighted-average assumptions:		
Expected stock price volatility	65%	60%
Risk-free interest rate	5.11%	4.95%
Expected option life (years)	0.5	6.4
Expected annual dividend yield	0%	0%

For the year ended June 30, 2007 we recorded compensation expense of \$70,631, under the requirements as discussed above, which is included in Operating, general and administrative expenses. No such expense was recorded for the year ended June 30, 2006.

During the years ended June 30, 2007 and 2006, the amount of cash received from the exercise of stock options was \$6,500 and \$17,500, respectively.

SFAS 123 requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS 123.

The following pro forma net income and earnings per share for 2006 would result had the Company's compensation cost been determined using the fair value based accounting provisions of SFAS No. 123:

	<u>2006</u>
Net Income reported	\$117,267
Net Income pro forma	\$ 76,300
Basic earnings per share reported	\$0.03
Basic earnings per share pro forma	\$0.02
Diluted earnings per share reported	\$0.02
Diluted earnings per share pro forma	\$0.02

8. 401(k) SAVING AND PROFIT SHARING PLAN

On July 1, 1997, the Company started a Retirement Savings and Investment Plan (the "401(k) Plan") for its employees that is intended to qualify under Section 401(k) of the Internal Revenue Code. Qualified employees may participate in the Company's 401(k) Plan by contributing up to 10% of their gross earnings to the plan, subject to certain Internal Revenue Code restrictions. The Company matches an amount equal to 100% of each participant's contribution up to a maximum of 5% of their earnings. Company contributions for the years ended June 30, 2007 and 2006, were \$27,613 and \$26,827, respectively.

9. INVESTMENT IN GLOBAL GAMING TECHNOLOGIES

On February 28, 2006, the Company entered into an Organization Agreement with a certain individual to form a for-profit limited liability company under the name of Global Gaming Technologies, LLC (GGT). Under the terms of the Agreement, the individual contributed to GGT all of his intellectual property rights related to two games of poker, which he individually developed. The Company has agreed to make an initial cash capital contribution to GGT of \$100,000, for which it will receive a 25% equity interest in GGT. At the Company's election, it may make an additional \$100,000 cash capital contribution to GGT for which it will receive an additional 25% equity interest. The initial cash contribution will be used to further develop the two games and to investigate possible patent protection.

At the present time, both games are still under development and neither has been approved for use in any gaming jurisdiction. As of June 30, 2007, GGT had no revenues.

The investment is being accounted for under the equity method. Its cash outlays have primarily been related to investigating patent protection for the products under development and for various product development and organizational start-up costs. For the year ended June 30, 2007 we have recorded \$30,465 for various GGT organizational start-up and product development expenditures.

As of June 30, 2007, the Company has made cash payments to GGT of \$60,000 as part of the initial \$100,000 cash capital payments required under the Agreement. The remaining \$40,000 obligation was recorded as a current liability.

10. RELATED PARTY TRANSACTIONS

A former officer and director provided certain management, accounting, and administrative services to the Company. In December 2005, the former officer and director agreed to reduce his prior accumulated billings by approximately \$78,000, to \$25,000, to be paid without interest in five equal monthly installments of \$5,000 beginning January 1, 2006. The resulting reduction of accounts payable was credited to additional paid-in capital. The officer and director tendered his resignation effective December 31, 2005. During the years ended June 30, 2007 and 2006, his billings to the Company for certain management, accounting, and administrative services totaled \$0 and \$36,000.

Effective with the resignation of the officer and director on December 31, 2005 as discussed above, the Company contracted an officer to provide management and accounting services to the Company. During the years ended June 30 2007 and 2006, his billings for services were \$26,650 and \$11,600, respectively.

An affiliated company provided management, clerical and administrative services to the Company until December 31, 2005. For the year ended June 30, 2006, the Company recorded such fees in the aggregate amount of \$24,000. No such fees were recorded for the year ended June 30, 2007.

An officer and director operates a law firm that provides legal services to the Company. During the years ended June 30, 2007 and 2006, his billings to the Company totaled \$87,261 and \$54,030 respectively.

11. ACQUISITION

Effective June 14, 2007, the Company entered into a definitive Asset Purchase and Sale Agreement (Agreement) with Doc Holliday Casino, LLC (Doc Holliday), a Colorado limited liability company to acquire substantially all of the tangible and intangible assets used in connection with the operation of Doc Holliday Casino, a limited stakes gaming casino located in Central City, Colorado. The purchase price is \$2.4 million, subject to adjustments, payable with a combination of cash, the assumption of certain liabilities and trade payables, and common stock.. Completion of the acquisition is subject to numerous material contingencies, including the need to complete an equity financing and debt financing, the need for regulatory approvals from the Colorado Division of Gaming and the Local Liquor Licensing Authority, the completion of audited historical financial statements of Doc Holliday Casino, as well as other conditions precedent customary to transactions of this nature.

On June 20, 2007, the Company deposited \$100,000 to an escrow account as required by the Agreement. The earnest money funds are part of the total purchase price per the Agreement. It is anticipated Doc Holliday will incur audit and other financial costs associated with the acquisition. The earnest money is to be paid to Doc Holliday as liquidated

damages in the event the acquisition can not be consummated due to the Company's breach of the Agreement, or because of its inability to complete the necessary financing.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

I T E M CONTROLS AND PROCEDURES

8A.

The Company's Principal Executive Officer and Principal Financial Officer, have established and are currently maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

The Principal Executive Officer and Principal Financial Officer conducted an update review and evaluation of the effectiveness of the Company's disclosure controls and procedures and have concluded, based on their evaluation as of the end of the period covered by this Report, that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, to allow timely decisions regarding required disclosure and we refer you to Exchange Act Rule 13a-15(e).

In addition, our principal executive officer and principal financial officer have determined that there has occurred no change in our internal control over financial reporting occurred during or subsequent to the fiscal year ended June 30, 2006 that has materially affected, or is (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Securities Exchange Act of 1934) reasonably likely to materially affect, our internal control over financial reporting.

Our principal executive and financial officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive and financial officer have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These

inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

I T E M OTHER INFORMATION

8B.

None.

PART III**ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT****Directors and Executive Officers**

The name, position with the Company, age of each Director and executive officer of the Company is as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director/Officer Since</u>
Clifford L. Neuman	59	Interim President & Director	1997
Pete Bloomquist	50	Secretary & Director	2005
Todd Huss	55	Chief Financial Officer	2006

Clifford L. Neuman has served as a Director of the Company since 1997 and has been reelected annually. Mr. Neuman is a licensed, practicing attorney and a partner in the law firm of Clifford L. Neuman, P.C., with offices located in Boulder, Colorado. Mr. Neuman received his Bachelor of Arts degree from Trinity College in 1970 and his Jurist Doctorate degree from the University of Pennsylvania School of Law in 1973.

Pete Bloomquist. From 2006 to present, Mr. Bloomquist has served as VP Corporate Finance with Smart Move, Inc. From July 1997 to 2006, Mr. Bloomquist was employed by Bathgate Capital Partners LLC in the corporate finance group. Bathgate Capital Partners, is a full service investment bank, working with micro-cap companies. From August 1994 to June 1997 Mr. Bloomquist was the Chief Financial Officer and a Director of Global Casinos, Inc. From May 1989 to August 1994 he was employed by Cohig & Associates, Inc. in the corporate finance group. Cohig & Associates, Inc. was a full service broker dealer. From September 1980 to May 1989 Mr. Bloomquist worked for local and national accounting firms in the area of taxation. He received his Bachelor of Science degree in Business Management with an emphasis in Accounting from the University of Northern Colorado in 1980.

Todd Huss. Mr. Huss has been the Chief Financial Officer of the Company since January, 2006. Since 2002, Mr. Huss has performed contract accounting services for various public companies. From 1996 to 2002, he served as the Chief Financial Officer for Premier Concepts, Inc., the publicly-traded owner and operator of a national chain of specialty retail jewelry stores. From 1991 to 1995 he served as the Chief Financial Officer for Gardenswartz Sportz, Inc., a privately-held corporation which owned and operated eight full service retail sporting goods stores in New Mexico and Texas. Mr. Huss graduated from California State University-Long Beach in 1984, with a Bachelor of Science degree in business administration and professional accounting, and subsequently worked for KPMG Peat

Marwick in its Los Angeles, California, and Albuquerque, New Mexico offices until 1991.

All directors serve until their successors have been duly elected and qualified and are subject to reelection at the Company's regular Annual Meeting of Shareholders, unless they earlier resign.

Board Meeting and Compensation

During the fiscal year ended June 30, 2007 meetings of the Board of Directors were held both in person and telephonically, and business of the board was also conducted by written unanimous consent. All Board members attended 100% of the Board meetings. Directors are entitled to reimbursement of their expenses associated with attendance at such meeting or otherwise incurred in connection with the discharge of their duties as a Director. The Board of Directors has not adopted a compensation plan for outside directors. No compensation was paid or granted during fiscal 2007. During fiscal 2006, the Board granted to the sole independent director options to purchase 50,000 shares of common stock at an exercise price of \$1.00 per share, which was equal to 100% of the public trading price of our common stock on the date of grant. The options are subject to vesting ratably over one year ending December 31, 2006. Directors who are also executive officers of the Company receive no additional compensation for their services as directors.

During fiscal 2007 the entire Board of Directors assumed all responsibilities of the Audit, Compensation and Nominating Committees. The board had no formal standing committees, but plans to create those committees when it determines that those committees would be beneficial. No member of the Audit, Compensation or Nominating Committees will receive any additional compensation for his service as a member of that Committee.

Audit Committee

The Board as a whole serves as the audit committee.

Mr. Neuman would not be deemed to be "independent" within the meaning of the National Association of Securities Dealers, Inc.'s listing standards. For this purpose, an audit committee member is deemed to be independent if he does not possess any vested interests related to those of management and does not have any financial, family or other material personal ties to management.

During the fiscal year ended June 30, 2007, the audit committee had no meetings. The committee is responsible for accounting and internal control matters. The audit committee:

- reviews with management, the internal auditors and the independent auditors policies and procedures with respect to internal controls;
- reviews significant accounting matters;

- approves any significant changes in accounting principles of financial reporting practices;
- reviews independent auditor services; and
- recommends to the board of directors the firm of independent auditors to audit our consolidated financial statements.

In addition to its regular activities, the committee is available to meet with the independent accountants, controller or internal auditor whenever a special situation arises.

The Audit Committee of the Board of Directors will adopt a written charter, which when adopted will be filed with the Commission.

Compensation Advisory Committee

The composition of the compensation advisory committee has not been determined.

The compensation advisory committee did not meet during fiscal 2007. The compensation advisory committee:

- recommends to the board of directors the compensation and cash bonus opportunities based on the achievement of objectives set by the compensation advisory committee with respect to our chairman of the board and president, our chief executive officer and the other executive officers;
- administers our compensation plans for the same executives;
- determines equity compensation for all employees;
- reviews and approves the cash compensation and bonus objectives for the executive officers; and
- reviews various matters relating to employee compensation and benefits.

Nomination Process

The Board of Directors has not appointed a standing nomination committee and does not intend to do so during the current year. The process of determining director nominees has been addressed by the board as a whole, which consists of four members. The board has not adopted a charter to govern the director nomination process.

Of the currently serving two directors, Messrs. Bloomquist and Neuman would not be deemed to be independent within the meaning of the National Association of Securities Dealers, Inc.'s listing standards. For this purpose, a

director is deemed to be independent if he does not possess any vested interests related to those of management and does not have any financial, family or other material personal ties to management.

The board of directors has not adopted a policy with regard to the consideration of any director candidates recommended by security holders, since to date the board has not received from any security holder a director nominee recommendation. The board of directors will consider candidates recommended by security holders in the future. Security holders wishing to recommend a director nominee for consideration should contact Mr. Clifford L. Neuman, President, at the Company's principal executive offices located in Boulder, Colorado and provide to Mr. Neuman, in writing, the recommended director nominee's professional resume covering all activities during the past five years, the information required by Item 401 of Regulation SB, and a statement of the reasons why the security holder is making the recommendation. Such recommendation must be received by the Company before June 30, 2007.

The board of directors believes that any director nominee must possess significant experience in business and/or financial matters as well as a particular interest in the Company's activities.

All director nominees identified in this proxy statement were recommended by our President and Chief Financial Officer and unanimously approved by the board of directors.

Shareholder Communications

Any shareholder of the Company wishing to communicate to the board of directors may do so by sending written communication to the board of directors to the attention of Mr. Clifford L. Neuman, President, at the principal executive offices of the Company. The board of directors will consider any such written communication at its next regularly scheduled meeting.

Any transactions between the Company and its officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties on an arms-length basis and will be approved by a majority of the Company's independent, outside disinterested directors.

Code of Ethics

Our Board of Directors adopted a Code of Business Conduct and Ethics for all of our directors, officers and employees during the fiscal year ended June 30, 2004. We will provide to any person without charge, upon request, a copy of our Code of Business Conduct and Ethics. Such request should be made in writing and addressed to Investor Relations, Global Casinos, Inc. 5455 Spine Road, Suite C, Boulder, Colorado 80301. Further, our Code of Business Conduct and Ethics was filed as an exhibit to our Annual Report on Form 10-KSB for the fiscal year ended June 30, 2004 and can be reviewed on the website maintained by the SEC at www.SEC.gov.

No family relationship exists between any director and executive officer.

In 1998, the Securities and Exchange Commission (the "Commission") commenced an administrative proceeding against The Rockies Fund, Inc. and its directors, Stephen G. Calandrella, Clifford C. Thygesen and Charles Powell. Until 2001, Messrs. Calandrella and Thygesen were also directors of the Company. In the administrative action, the Commission has alleged certain violations of federal securities laws and regulations by The Rockies Fund, Inc. and its directors. The allegations involve certain violations of the Investment Company Act of 1940, as amended, under which The Rockies Fund, Inc. is a regulated business development company, as well as violations of the Securities Exchange Act of 1934, as amended, and regulations thereunder arising from certain transactions in the securities of

another company unrelated to the Company. The Rockies Fund, Inc. and its directors have adamantly denied any violations of federal securities laws and have informed the Company that they intend to vigorously defend the matter. In November 1998, the matter went to hearing before an administrative law judge and a preliminary finding was issued in March 2001. In its Initial Decision, the Administrative Law Judge found that the Rockies Fund and its directors, including Messrs. Calandrella and Thygesen, had violated federal securities laws. The matter is presently on appeal. While there can be no assurance of the ultimate outcome of this matter or its potential effect upon the Company, Management does not believe that it will have an adverse material impact.

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In response to this administrative proceeding and the initial decision of the Administrative Law Judge, Messrs. Calandrella and Thygesen resigned as officers and directors of the Company. In addition, the restructuring of our gaming operations, the transfer of our gaming license from Global Casinos to Casinos, U.S.A. and other matters addressed in the Astraea Term Sheet were undertaken, in part, at the request of the Division of Gaming in response to the results of this administrative proceeding. Furthermore, the Division of Gaming requested that Messrs. Jennings and Neuman, while not involved in the administrative proceeding, resign as officers and directors of Casinos, U.S.A. due to their prior affiliations with Messrs. Calandrella and Thygesen. Effective November 1, 2002, concurrently with the transfer of the gaming license to Casinos, U.S.A., Messrs. Jennings and Neuman resigned as officers and directors of Casinos, U.S.A. and were replaced by Barbara Fahey and Pete Bloomquist, persons unaffiliated with prior management of the Company.

Other than the foregoing, there are no material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent (5%) of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Except as noted herein or below, during the last five- (5) years no director or officer of the Company has:

(1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) been convicted in a criminal proceeding or subject to a pending criminal proceeding;

(3) been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4) been found by a court of competent jurisdiction in a civil action, the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Any transactions between the Company and its officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties on an arms-length basis and will be approved by a majority of the Company's independent, outside disinterested directors.

Indemnification and Limitation on Liability of Directors

The Company's Articles of Incorporation provide that the Company shall indemnify, to the fullest extent permitted by Utah law, any director, officer, employee or agent of the corporation made or threatened to be made a party to a proceeding, by reason of the former or present official of the person, against judgments, penalties, fines, settlements and reasonable expenses incurred by the person in connection with the proceeding if certain standards are met. At present, there is no

pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

The Company's Articles of Incorporation limit the liability of its directors to the fullest extent permitted by the Utah Business Corporation Act. Specifically, directors of the Company will not be personally liable for monetary damages for breach of fiduciary duty as directors, except for (i) any breach of the duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or that involved intentional misconduct or a knowing violation of law, (iii) dividends or other distributions of corporate assets that are in contravention of certain statutory or contractual restrictions, (iv) violations of certain laws, or (v) any transaction from which the director derives an improper personal benefit. Liability under federal securities law is not limited by the Articles. The officers of the Company will dedicate sufficient time to fulfill their fiduciary obligations to the Company's affairs. The Company has no retirement, pension or profit sharing plans for its officers and Directors.

Compliance with Section 16(a) of the Exchange Act

Under the Securities Laws of the United States, the Company's Directors, its Executive (and certain other) Officers, and any persons holding more than ten percent (10%) of the Company's common stock are required to report their ownership of the Company's common stock and any changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established and the Company is required to report in this report any failure to file by these dates. All of these filing requirements were satisfied by its Officers, Directors, and ten-percent holders, except that Mr. Huss failed to file one report covering one transaction in a timely fashion. In making these statements, the Company has relied on the written representation of its Directors and Officers or copies of the reports that they have filed with the Commission.

ITEM 10. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Introduction. This Compensation Discussion and Analysis (CD&A) provides an overview of the Company's executive compensation program together with a description of the material factors underlying the decisions which resulted in the compensation provided for 2007 to the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (the Named Executive Officers or NEOs), as presented in the tables which follow this CD&A. The following discussion and analysis contains statements regarding future individual and Company performance targets and goals. These targets and goals are disclosed in the limited context of the Company's compensation programs and should not be understood to be statements of management's expectations or estimates of financial results or other guidance. The Company specifically cautions investors not to apply these statements to other contexts.

The Board has responsibility for determining and implementing the Company's philosophy with respect to executive compensation. To implement this philosophy, the Board oversees the establishment and administration of the Company's executive compensation program.

It is expected that the compensation of the executives in fiscal 2008, including equity awards, will be reviewed based on the expected performance of the Company as established by the Board of Directors

Compensation Philosophy and Objectives. The guiding principle of the Board's executive compensation philosophy is that the executive compensation program should enable the Company to attract, retain and motivate a team of highly qualified executives who will create long-term value for the Shareholders. To achieve this objective, the Board has developed an executive compensation program that is ownership-oriented and that rewards the attainment of specific annual, long-term and strategic goals that will result in improvement in total shareholder return. To that end, the Board believes that the executive compensation program should include both cash and equity-based compensation that rewards specific performance. In addition, the Board continually monitors the effectiveness of the program to ensure that the compensation provided to executives remains competitive relative to the compensation paid to executives in a peer group comprised of select container industry and other manufacturing companies. The Board annually evaluates the components of the compensation program as well as the desired mix of compensation among these components. The Board believes that a substantial portion of the compensation paid to the Company's NEOs should be at risk, contingent on the Company's operating and market performance. Consistent with this philosophy, the Board will continue to place significant emphasis on stock-based compensation and performance measures, in an effort to more closely align compensation with Shareholder interests and to increase executives' focus on the Company's long-term performance.

Role of Executive Officers in Compensation Decisions. The Board makes all compensation decisions for the CEO and the CFO. Decisions regarding the compensation of other employees are made by the CEO and CFO in consultation with the Board. In this regard, the CEO and CFO provide the Board evaluations of executive performance, business goals and objectives and recommendations regarding salary levels and equity awards.

Market-Based Compensation Strategy. The Board adopted the following market-based compensation strategy:

Pay levels are evaluated and calibrated relative to other companies of comparable size operating in the business information systems industry (the Peer Group) as the primary market reference point. In addition, general industry data is reviewed as an additional market reference and to ensure robust competitive data.

Target total direct compensation (target total cash compensation plus the annualized expected value of long-term incentives) levels for NEOs are

calibrated relative to the Peer Group.

Base salary and target total cash compensation levels (base salary plus target annual incentive) for NEOs are calibrated to the Peer Group.

The long-term incentive component of the executive compensation program is discretionary and viewed in light of the target total direct compensation level.

The Board retains discretion, however, to vary compensation above or below the targeted percentile based upon each NEO's experience, responsibilities and performance.

Total Direct Compensation

Our objective is to target total direct compensation, consisting of cash salary, cash bonus and long term equity compensation at levels consistent with the surveyed companies, if specified corporate and business unit performance metrics and individual performance objectives are met. We selected this target for compensation to remain competitive in attracting and retaining talented executives. Many of our competitors are significantly larger and have financial resources greater than our own. The competition for experienced, technically proficient executive talent in the industry is currently particularly acute, as companies seek to draw from a limited pool of such executives.

We structure total direct compensation to the named executive officers so that some of this compensation is delivered in the form of equity awards in order to provide incentives to work toward long-term profitable growth that will enhance stockholder returns. We also structure their cash compensation so that a significant portion is at risk under the cash bonus plan, payable based on corporate, business unit and individual performance. In the following sections, we further detail each component of total direct compensation.

Components of Compensation. For the year ended June 30, 2007, the CEO received no base salary but rather was compensated on the basis of legal services which he performed for the Company in his capacity as legal counsel to the Company. For the year ended June 30, 2007, the CFO was paid a fixed hourly rate on all time devoted to his services to the Company. Neither the CEO nor CFO received a base salary. We did not provide additional compensation in the form of annual incentive bonus, long term incentives, retirement benefits, or perquisites.

The following tables and discussion set forth information with respect to all plan and non-plan compensation awarded to, earned by or paid to the Chief Executive Officer ("CEO"), and the Company's four (4) most highly compensated executive officers other than the CEO, for all services rendered in all capacities to the Company and its subsidiaries for each of the Company's last three (3) completed fiscal years; provided, however, that no disclosure has been made for any executive officer, other than the CEO, whose total annual salary and bonus does not exceed \$100,000.

SUMMARY COMPENSATION TABLE

Nonqualified

Name and Principal	Year	Salary	Bonus	Stock Awards	Options Awards	Incentive Plan Compensation	Deferred Earnings	All Other Compensation	Total
Clifford	2007	\$-0- ⁽¹⁾	-0-	-0-	-0-	-0-	-0-	-0-	-0-
L. Neuman, President	2006	\$-0- ⁽¹⁾	-0-	-0-	50,000	-0-	-0-	-0-	50,000
Frank L. Jennings, Pres & CFO	2005	\$53,113	-0-	-0-	-0-	-0-	-0-	-0-	\$53,113

(1) Mr. Neuman receives no compensation for his services as President. He provides legal services to the Company, for which he was paid fees for services in the amount of \$72,287 for fiscal year 2007; \$54,030 for fiscal year 2006 and \$69,420 for fiscal year 2005.

The following table sets forth information concerning compensation paid to the Company's directors during the most recently completed fiscal year:

DIRECTOR COMPENSATION TABLE

Name	Fees		Nonqualified		Deferred	All Other	Total
	Earned	or Paid	Non-Equity	Compensation			
	Cash	Stock	Incentive Plan	Earnings	Compensation		
Clifford L. Neuman	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Pete Bloomquist	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Company Stock Incentive Plans

In 1993, the Board of Directors and the Shareholders of the Company adopted the Global Casinos, Inc., Stock Incentive Plan (the "Incentive Plan"). The Incentive Plan allows the Company to grant incentive stock options non-qualified stock options and/or stock purchase rights (collectively "Rights") to officers, employees, former employees and consultants of the Company and its subsidiaries. Options granted to eligible participants may take the form of Incentive Stock Options ("ISO's") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or options which do not qualify as ISO's ("Non-Qualified Stock Options" or "NQSO's"). As required by

Section 422 of the Code, the aggregate fair market value (as defined by the Incentive Plan) of the Company's Common Stock (determined as of the date of grant of ISO) with respect to which ISO's granted to an employee are exercisable for the first time in any calendar year may not exceed \$100,000. The foregoing limitation does not apply to NQSO's. Rights to purchase shares of the Company's Common Stock may also be offered under the Incentive Plan at a purchase price under terms determined by the Incentive Plan Administrator.

Either the Board of Directors (provided that a majority of Directors are "disinterested" can administer the Incentive Plan, or the Board of Directors may designate a committee comprised of Directors meeting certain requirements to administer the Incentive Plan. The Administrator will decide when and to whom to make grants, the number of shares to be covered by the grants, the vesting schedule, the type of awards and the terms and provisions relating to the exercise of the awards.

An aggregate of 100,000 shares of the Company's Common Stock is reserved for issuance under the Incentive Plan. As of June 30, 2007, no options were outstanding under the Plan. However, options to purchase 285,000 shares of Common Stock were issued and outstanding with a

weighted average exercise price of \$0.62 per share. No shares were available for future option grants.

The following table sets forth information concerning unexercised options, stock that has not vested and equity incentive plan awards for each named executive officer outstanding as of the end of the most recently completed fiscal year:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END TABLE

Name	Option Awards				Stock Awards				
	Equity	Incentive	Plan	Awards;	Number of	Market Value	Shares, Units or	Unearned	Unearned
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Shares or Units of Stock That Have Not	of Shares or Units of Stock That Have Not	Other Rights That Have Not	Shares, Units or Other Rights That Have Not	Shares, Units or Other Rights That Have Not
	Exercisable	Unexercisable	Options	Price	Date	Vested	Vested	Vested	Vested
Clifford L. Neuman	100,000	-0-	-0-	\$0.10	2004	-0-	-0-	-0-	-0-
	50,000	-0-	-0-	\$1.00	2006	-0-	-0-	-0-	-0-

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT AND RELATED STOCKHOLDER
MATTERS**

The following table sets forth, as of June 30, 2007 and as adjusted for the sale of option and warrant stock, the stock ownership of (i) each person known by the Company to be the beneficial owner of five (5%) percent or more of the Company's Common Stock, (ii) all Directors individually, (iii) all Officers individually, and (iv) all Directors and Officers as a group. Each person has sole voting and investment power with respect to the shares shown, except as noted.

<u>Title Of Class</u>	<u>Name & Address of Beneficial Owner</u>	<u>Shares Beneficially Owned</u>	
		<u>Number</u>	<u>Percent</u> ⁽¹⁾
Common Stock	Clifford L. Neuman 1507 Pine Street Boulder, Colorado 80302	535,000 ⁽²⁾	9.8%
	Pete Bloomquist	103,397 ⁽³⁾	1.9%
	Todd Huss	38,297 ⁽⁴⁾	0.7%
	All Officers and Directors as a Group (3 Persons)	676,694	12.4%

- (1) Shares not outstanding but beneficially owned by virtue of the individuals' right to acquire them as of the date of this Proxy Statement or within sixty days of such date, are treated as outstanding when determining the percent of the class owned by such individual.
- (2) Includes options exercisable to purchase 100,000 shares of Common Stock at an exercise price of \$0.10 per share granted August 19, 2004, and options exercisable to purchase 50,000 shares at an exercise price of \$1.00 per share.
- (3) Includes 1,917 shares owned individually, 51,480 shares owned of record by the Bloomquist Family Partnership, of which Mr. Bloomquist is a General Partner and 50% equity holder, and options exercisable to purchase 50,000 shares at an exercise price of \$1.00 per share.
- (4)

Includes 3,297 shares of common stock owned individually, and options exercisable to purchase 35,000 shares of common stock at an exercise price of \$1.00 per share.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Throughout its history, the Company has experienced shortages in working capital and has relied, from time to time, upon loans from affiliates to meet immediate cash demands. There can be no assurance that these affiliates or other related parties will continue to provide funds to the Company in the future, as there is no legal obligation to provide such loans.

In August 2004, three affiliates of the Company converted an aggregate of \$60,000 in accrued and unpaid fees into shares of the Company's common stock at a conversion price of \$.20 per share. Frank L. Jennings, the Company's CEO and CFO, converted \$20,000 in accrued and unpaid fees for financial and accounting services; Clifford L. Neuman converted \$20,000 in accrued and unpaid legal fees and Gunpark Management, LLC converted \$20,000 in accrued and unpaid administrative fees. Frank L. Jennings is a 50% managing member of Gunpark Management, LLC.

In August 2004, Messrs. Jennings and Neuman were each granted non-qualified stock options exercisable to purchase 100,000 shares of common stock at an exercise price of \$.10 per share. These options were granted in consideration of their services as directors of the Company since the years 2001 and 1997, respectively.

In April 2006, Messrs. Neuman and Bloomquist were each granted non-qualified options exercisable to purchase 50,000 shares of common stock, and Mr. Huss was granted non-qualified options exercisable to purchase 35,000 shares common stock, all at an exercise price of \$1.00 per share. The exercise price was at least 100% of the market price on the date of grant. The options were, as to each grant, 25% vested upon grant and 25% to vest on June 30, September 30 and December 31, 2006.

PART IV**ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K**

Exhibit No.	Title
* 1.0	Articles of Amendment to the Articles of Incorporation dated June 22, 1994
* 3.1	Amended and Restated Articles of Incorporation
* 3.2	Bylaws
* 3.3	Certificate of Designations, Preferences, and Rights of Series A Convertible Preferred Stock
***** 3.4	Certificate of Designations, Preferences, and Rights of Series B Convertible Preferred Stock
***** 3.5	Certificate of Designations, Preferences, and Rights of Series C Convertible Preferred Stock
***** 3.6	Agreement Respecting Rights of Holders of Series C Convertible Preferred Stock
* 4.1	Specimen Certificate of Common Stock
* 4.2	Specimen Class A Common Stock Purchase Warrant
* 4.3	Specimen Class B Common Stock Purchase Warrant
* 4.4	Specimen Class C Common Stock Purchase Warrant
* 4.5	Warrant Agreement
* 5.0	Opinion of Neuman & Drennen, LLC regarding the legality of the securities being registered
* 10.1	Selling Agent Agreement
* 10.2	The Casino-Global Venture I Joint Venture Agreement
* 10.3	Assignment of Casino-Global Joint Venture Agreement dated January 31, 1994
* 10.4	Nonresidential Lease Agreement between Russian-Turkish Joint Venture Partnership with Hotel Lazurnaya and Global Casino Group, Inc. dated September 22, 1993
* 10.5	Contract by and between Aztec-Talas-Four Star, Inc. and Global Casinos Group, Inc. dated April 12, 1993, and Addendum to Agreement by and between Aztec-Talas-Four Star, Inc., Global Casinos Group, Inc. and Restaurant "Naryn" dated June 29, 1993.
* 10.6	Agreement and Plan of Reorganization among Silver State Casinos, Inc., Colorado Gaming Properties, Inc. and Morgro Chemical Company, dated September 8, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated September 20, 1993
* 10.7	Agreement and Plan of Reorganization among Casinos U.S.A., Lincoln Corporation, Woodbine Corporation and

Morgro Chemical Company, dated October 15, 1993,
incorporated by reference from the Company's Current
Report on Form 8-K, dated November 19, 1993

* 10.8 Stock Pooling and Voting Agreement, incorporated by
reference from the Company's Current Report on Form 8-K,
dated November 19, 1993

- * 10.9 Employment Agreement, dated September 28, 1993, between Morgro Chemical Company and Nathan Katz, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
- * 10.10 Employment Agreement, dated October 15, 1993, between Morgro Chemical Company and William P. Martindale, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
- * 10.11 Asset Acquisition Agreement by and among Global Casinos, Inc., Morgro, Inc. and MDO, L.L.C., dated as of February 18, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated February 18, 1994
- * 10.12 Stock Purchase Agreement, dated March 25, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- * 10.13 Articles of Incorporation of BPJ Holding N.V., incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- * 10.14 Aruba Caribbean Resort and Casino Lease Agreement, dated January 18, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- * 10.15 Aruba Gaming Permit issued to Dutch Hotel and Casino Development Corporation, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- * 10.16 Letter Agreement between Astraea Investment Management, L.P. and Global Casinos, Inc. dated May 11, 1994
- * 10.17 Guaranty from Global Casinos, Inc. to Astraea Investment Management, L.P. dated May 19, 1994
- * 10.18 Secured Convertible Promissory Note in favor of Global Casinos, Inc. from Astraea Investment Management, L.P. dated May 19, 1994
- * 10.19 Registration Rights Agreement between Global Casinos, Inc. and Astraea Investment Management, L.P. dated May 11, 1994
- * 10.20 Employment Agreement, dated July 1, 1994, between Global Casinos, Inc. and Peter Bloomquist
- ** 10.21 Letter of Agreement, dated September 16, 1994 between Astraea Management Services, L.P., Casinos U.S.A., Inc. and Global Casinos, Inc.
- *** 10.23 Letter of Agreement dated June 27, 1995, between Global Casinos, Inc., Global Casinos International, Inc., Global

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Casinos Group, Inc., Broho Holding, N.V., and Kenneth D. Brown individually.

- * 10.24 Second Amended Plan of Reorganization of Casinos USA, Inc., and Order Confirming Plan
- * 10.25 Warrant Agreement
- **** 10.26 Stock Purchase and Sale Agreement between Alaska Bingo Supply, Inc., Global Alaska Industries, Inc. and Mark Griffin
- ***** 10.27 Convertible Promissory Note in the amount of \$450,000 dated March 31, 1998 in favor of Mark Griffin
- **** 10.28 General Security Agreement from Global Alaska Industries, Inc. to Mark Griffin

- **** 10.29 Stock Pledge Agreement from Global Alaska Industries, Inc. to Mark Griffin
- ***** 10.30 Agreement to Convert Debt dated March 31, 1998 with Mark Griffin
- ***** 10.31 Tollgate Casino Lease and Option Agreement
- ***** 10.32 Equipment Lease with Plato Foufas & Co., Inc.
- ***** 10.33 Employment Agreement of Eric Hartsough
- ***** 10.34 Stock Purchase Agreement dated December 30, 1999 between Arufinance, N.V. and Global Casinos, Inc.
- ***** 10.35 Term Sheet dated July 24, 2002 between Global Casinos, Inc., Astraea Investment Management L.P. and others.
- ***** 10.36 Agreement dated September 17, 2002 among Global Casinos, Inc., Casinos, U.S.A., Inc. and Astraea Investment Management L.P.
- ***** 10.37 Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of \$249,418.48.
- ***** 10.38 Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of \$750,000.
- ***** 10.39 Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of \$783,103.56.
- ***** 10.40 Assumption Agreement dated September 17, 2002 among, Global Casinos, Inc., Casinos U.S.A., Inc. and Astraea Investment Management L.P.
- ***** 10.41 Bill of Sale, Assignment and Assumption dated October __, 2002 between Global Casinos, Inc. and Casinos, U.S.A., Inc.
- ***** 10.42 Option Agreement dated September 17, 2002 by and between Astraea Investment Management L.P. and Global Casinos, Inc.
- ***** 10.43 Security Agreement dated September 17, 2002 by Casinos U.S.A., Inc. in favor of Astraea Investment Management L.P.
- ***** 10.44 Service Agreement dated as of September 17, 2002 between Casinos U.S.A., Inc. and Global Casinos, Inc.
- ***** 10.45 Stock Pledge Agreement dated as of September 17, 2002 between Global Casinos, Inc. and Astraea Investment Management L.P.
- ***** 10.46

Voting Agreement dated as of September 17, 2002 between
Casinos U.S.A., Inc. and Global Casinos, Inc.

*****	10.47	Asset Purchase and Sale Agreement dated June 14, 2007.
*****	10.48	Escrow Agreement dated June 20, 2007
*****	10.49	Amendment No. 1 to Asset Purchase and Sale Agreement dated June 14, 2007
*****	14.	Code of Ethics
	31	Certification
	32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

- * Incorporated by reference to the Registrant's Registration Statement on Form SB-2, Registration No. 33-76204, on file with the Commission on August 11, 1994.
- ** Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for year ended June 30, 1994.
- *** Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 15, 1995.

- **** Incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1997, as filed with the Commission on August 14, 1997.
- ***** Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 1999.
- ***** Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 30, 1999, as filed with the Commission on January 14, 2000.
- ***** Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 2002.
- ***** Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 2004.
- ***** Incorporated by reference to the Registrant's Current Report on Form 8-K dated June 14, 2007 as filed with the Commission on June 19, 2007
- ***** Incorporated by reference to the Registrant's Current Report on Form 8-K/A dated September 28, 2007 as filed with the Commission on October 2, 2007.

Reports on Form 8-K

Current Report on Form 8-K dated April 25, 2007, Items 7.01 and 9.01, as filed with the Commission on April 25, 2007.

Current Report on Form 8-K, dated June 14, 2007, Items 1.01 and 9.01, as filed with the Commission on June 19, 2007.

Current Report on Form 8-K, dated June 19, 2007, Items 7.01 and 9.01, as filed with the Commission on June 19, 2007.

Current Report on Form 8-K/A-1, dated September 28, 2007, Items 1.01 and 9.01, as filed with the Commission on October 2, 2007.

Current Report on Form 8-K, dated October 3, 2007, Items 7.01 and 9.01, as filed with the Commission on October 3, 2007.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table details the aggregate fees billed to the Company by Schumacher & Associates, Inc., its current accountant, for each of the last two fiscal years:

	<u>2007</u>	<u>2006</u>
Audit Fees	\$36,000	\$-0-
Audit-Related Fees	-0-	-0-
Tax Fees	-0-	-0-
All Other Fees	<u>-0-</u>	<u>-0-</u>
Total	<u>\$36,000</u>	<u>\$-0-</u>

The caption "Audit Fees" includes professional services rendered for the audit of the annual consolidated financial statements and review of the quarterly consolidated financial statements.

It is the policy of the Board of Directors, acting as the audit committee to pre-approve all services to be performed by the independent accountants.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL CASINOS, INC.

Date: October 9, 2007

By: Clifford L. Neuman

Clifford L. Neuman

President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<u><i>Clifford L. Neuman</i></u> Clifford L. Neuman	President & Director	October 9, 2007
<u><i>Pete Bloomquist</i></u> Pete Bloomquist	Secretary & Director	October 9, 2007
<u><i>Todd Huss</i></u> Todd Huss	Chief Financial Officer	October 9, 2007