BOYD GAMING CORP
Form 4
March 14, 2008

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BOYD WILLIAM R

(Last) (First) (Middle)

3883 HOWARD HUGHES PARKWAY, NINTH FLOOR

(Street)

LAS VEGAS, NV 89169

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BOYD GAMING CORP [BYD]

3. Date of Earliest Transaction (Month/Day/Year)
03/13/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/13/2008		P		2,693	A	$ 19.45	1,906,786	I	By Trust (1)
Common Stock	03/13/2008		P		1,507	A	$ 19.46	1,908,293	I	By Trust (1)
Common Stock	03/13/2008		P		800	A	$ 19.5	1,909,093	I	By Trust (1)
Common Stock								28,307	I	By Trust (2)
Common Stock								1,566	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BOYD WILLIAM R 3883 HOWARD HUGHES PARKWAY NINTH FLOOR LAS VEGAS, NV 89169	X		Vice President	

Signatures

Brian A. Larson, Attorney-in-Fact for William R. Boyd	03/14/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) By William R. Boyd Gaming Properties Trust, of which reporting person is Trustee, Settlor and Beneficiary.

(2) By William R. Boyd as Trustee of the Sean William Johnson Education Trust Dated 7/1/97.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. John N. 2009 0 0 0 0 0 0 0 0 Harris, 2008 36,000 0 0 0 0 0 0 36,000 President and 2007 36,000 0 0 0 0 0 0 36,000 CEO(1) Neil A. Cox, 2009 0 0 0 0 0 0 0 0 CFO(1) 2008 36,000 0 0 0 0 0 0 36,000 2007 36,000 0 0 0 0 0 0 36,000 William H. 2009 0 0 0 0 0 0 0 0 Reilly, 2008 42,000 0 0 150 0 0 0 42,150 COO/CTO(1)

2007 42,000 0 0 0 0 0 0 42,000 Michael Willis 2009 0 0 0 1,105 0 0 0 1,105 (3) (1) During the year ended December 31, 2008, Messrs. Harris and Cox's both were paid $18,000 of their $36,000 salaries. The remaining $18,000 was accrued at December 31, 2008 and paid during the year ended December 31, 2009. (2) During the year ended December 31, 2008, Mr. Reilly was issued an option to purchase 150,000 shares of the Company's common stock. The option has an exercise price of $0.65 per share. The option was valued using the Black-Scholes method. (3)Mr. Willis served the Chief Executive Officer of the Company from April 6, 2009 through September 1, 2009. Mr. Willis was issued an option exercisable for 55,000 shares of the Company's stock. The option has an exercise price of $0.20 per share and expires in August 2012. The option has a value of $1,105 using the Black-Scholes Model. Up until June 30, 2006, Tombstone's officers had served without salary and contributed their services, and thereafter the Company has paid the President and CFO at a rate of $3,000 per month on a month- to month basis without contract. The COO/CTO is paid at a rate of $3,500 per month on a month to month basis without contract. 26 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END The following table sets forth certain information concerning outstanding equity awards held by the President and the Company's two most highly compensated executive officers for the fiscal year ended December 31, 2009 the "Named Executive Officers"): Option Awards Stock awards Equity incentive Equity plan incentive Equity awards: plan incentive Market awards: plan or Number Number of Number of Number Market awards: payout of securities securities of value Number value securities underlying underlying shares of of of underlying unexercised unexercised Option Option or shares unearned unearned unexercisedoptions (#) unearned exercise expiration units of shares, shares, Name options unexercisable options price date of units units or units (#) (#) ($) stock of other or exercisable that stock rights others have that that rights not have have not that vested not vested have (#) vested (#) not ($) vested ($) ------------ ---------- ------------ ----------- --------- ---------- -------- ------- ---------- --------- Neil Cox -0- -0- -0- $ -0- - -0- $ -0- -0- -0- John Harris -0- -0- -0- $ -0- - -0- $ -0- -0- -0- William 150,000 -0- -0- $0.65 08/2012 -0- $ -0- -0- -0- Reilly 100,000 -0- -0- $0.55 08/2012 -0- $ -0- -0- -0- DIRECTOR COMPENSATION The following table sets forth certain information concerning compensation paid to the Company's directors for services as directors, but not including compensation for services as officers reported in the "Summary Executives' Compensation Table" during the year ended December 31, 2009: Non-qualified Non-equity deferred Fees incentive compensation All other earned Stock Option plan earnings compensation Total Name or paid awards ($) awards ($) compensation ($) ($) (1) ($) in cash ($) ($) -------------- ---------- ----------- ------------ -------------- -------------- --------------- --------- Neil Cox $ -0- $ -0- $ -0- $ -0- $ -0- $ -0- $ -0- John Harris $ -0- $ -0- $ -0- $ -0- $ -0- $ -0- $ -0- William $ -0- $ -0- $-0- $ -0- $-0- $ -0- $ -0- Reilly(2) (1) Messrs. Cox, Harris and Reilly serve as officers of the Company for which they receive compensation, as set forth in the Executive Compensation Table. 27 All of Tombstone's officers and/or directors will continue to be active in other companies. All officers and directors have retained the right to conduct their own independent business interests. It is possible that situations may arise in the future where the personal interests of the officers and directors may conflict with Tombstone's interests. Such conflicts could include determining what portion of their working time will be spent on Tombstone's business and what portion on other business interest. To the best ability and in the best judgment of the Company's officers and directors, any conflicts of interest between Tombstone and the personal interests of Tombstone's officers and directors will be resolved in a fair manner which will protect the Company's interests. Any transactions between Tombstone and entities affiliated with the Company's officers and directors will be on terms which are fair and equitable to the Company. Tombstone's Board of Directors intends to continually review all corporate opportunities to further attempt to safeguard against conflicts of interest between their business interests and Tombstone's interests. Tombstone has no intention of merging with or acquiring an affiliate, associated person or business opportunity from any affiliate or any client of any such person. OPTION/SAR GRANTS IN THE LAST FISCAL YEAR Stock Option Plan Tombstone has an Option Plan. As of December 31, 2009, 1,029,999 options are outstanding under the 2006 Option Plan of which 1,029,999 are exercisable. During the year ended December 31, 2009, the Company issued 129,999 shares under the option plan, of which 55,000 shares were issued to a former officer of the Company. Tombstone has reserved 1,500,000 shares of common stock for issuance under the 2006 Option Plan. Employment Agreements and Termination of Employment and Change-In-Control Arrangements None of the Company's officers, directors, advisors, or key employees is currently party to employment agreements with the Company. The Company has no pension, health, annuity, bonus, insurance, stock options, profit sharing or similar benefit plans; however, the Company may adopt such plans in the future. There are presently no personal benefits available for directors, officers, or employees of the Company. Compensation Committee Interlocks and Insider Participation The Tombstone Board of directors in its entirety acts as the compensation committee for Tombstone. Mr. Cox is the Chief Financial Officer and Chairman of the Company. Director Compensation The Company does not pay any Directors fees for meeting attendance. An Audit Committee has yet to be established therefore no compensation has been paid for this function. Limitation on Liability and Indemnification The Colorado Business Corporation Act requires Tombstone to indemnify officers and directors for any expenses incurred by any officer or director in connection with any actions or proceedings, whether civil, criminal, administrative, or investigative, brought against such officer or director because of his or her status as an officer or director, to the extent that the director or officer has been successful on the merits or otherwise in defense of the action or proceeding. The Colorado Business Corporation Act permits a corporation to indemnify an officer or director, even in the absence of an agreement to do so, 28 for expenses incurred in connection with any action or proceeding if such officer or director acted in good faith and in a manner in which he or she reasonably believed to be in or not opposed to the best interests of the Company and such indemnification is authorized by the stockholders, by a quorum of disinterested directors, by independent legal counsel in a written opinion authorized by a majority vote of a quorum of directors consisting of disinterested directors, or by independent legal counsel in a written opinion if a quorum of disinterested directors cannot be obtained. The Colorado Business Corporation Act prohibits indemnification of a director or officer if a final adjudication establishes that the officer's or director's acts or omissions involved intentional misconduct, fraud, or a knowing violation of the law and were material to the cause of action. Despite the foregoing limitations on indemnification, the Colorado Business Corporation Act may permit an officer or director to apply to the court for approval of indemnification even if the officer or director is adjudged to have committed intentional misconduct, fraud, or a knowing violation of the law. The Colorado Business Corporation Act also provides that indemnification of directors is not permitted for the unlawful payment of distributions, except for those directors registering their dissent to the payment of the distribution. According to Tombstone's bylaws, the Company is authorized to indemnify the Company's directors to the fullest extent authorized under Colorado Law subject to certain specified limitations. Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and persons controlling Tombstone pursuant to the foregoing provisions or otherwise, Tombstone is advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. EQUITY COMPENSATION PLAN INFORMATION Stock Option Plan Tombstone has an Option Plan. As of December 31, 2009, 1,029,999 options are outstanding under the 2006 Option Plan of which 1,029,999 are exercisable. During the year ended December 31, 2009, the Company issued 129,999 shares under the option plan, of which 55,000 shares were issued to a former officer of the Company. Tombstone has reserved 1,500,000 shares of common stock for issuance under the 2006 Option Plan. ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS The following table sets forth information with respect to the beneficial ownership of Tombstone's outstanding common stock by: o each person who is known by Tombstone to be the beneficial owner of five percent (5%) or more of Tombstone's common stock; o Tombstone's President, its other executive officers, and each director as identified in the "Management -- Executive Compensation" section; and o all of the Company's directors and executive officers as a group. 29 Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock and options, warrants and convertible securities that are currently exercisable or convertible within sixty days of the date of this document into shares of Tombstone's common stock are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants, or convertible securities for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The information below is based on the number of shares of Tombstone's common stock that Tombstone believes was beneficially owned by each person or entity as of December 31, 2009. The total shares outstanding as of December 31, 2009 was 3,878,000. Title of Class Name and Address of Amount and Nature of Percent of Class(1) Beneficial Owner Beneficial Owner --------------------------- ------------------------------ ------------------------ --------------------- John N. Harris President, CEO & Director Common shares PO Box 1547 Lyons, CO 80540 680,000 12% Common shares Neil A. Cox 580,000 10% CFO & Director 5380 Highlands Drive Longmont, CO 80503 Common shares William H. Reilly(2) 275,000 4.9% COO/CTO & Director 4859 Dakota Blvd Boulder, CO 80304 Common shares Capital Merchant Bank(3) 300,000 5% 600 N. Bradley Road Lake Forest, IL 60045 All Directors and Executive Officers as a Group (3 persons) 1,535,000 28% (1) Based upon 3,878,000 shares of common stock issued and outstanding on December 31, 2009, warrants exercisable for 660,000 shares of common stock and options exercisable for 1,029,999 shares of common stock, there would be 5,567,999 shares of Tombstone common stock issued and outstanding, on a fully diluted basis. (2) Consists of 25,000 shares of common stock and an option exercisable for 250,000 shares of common stock. (3) The Capital Merchant Bank holds these 300,000 warrants beneficially for Joseph Kurczodyna. Rule 13d-3 under the Securities Exchange Act of 1934 governs the determination of beneficial ownership of securities. That rule provides that a beneficial owner of a security includes any person who directly or indirectly has or shares voting power and/or investment power with respect to such security. Rule 13d-3 also provides that a beneficial owner of a security includes any person who has the right to acquire beneficial ownership of such security within sixty days, including through the exercise of any option, warrant or conversion of a security. Any securities not outstanding which are subject to such options, warrants, or conversion privileges are deemed to be outstanding for the purpose 30 of computing the percentage of outstanding securities of the class owned by such person. Those securities are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person. Included in this table are only those derivative securities with exercise prices that Tombstone believes have a reasonable likelihood of being "in the money" within the next sixty days. ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS Other than the stock transactions discussed below, Tombstone has not entered into any transaction nor are there any proposed transactions in which any of Tombstone's founders, directors, executive officers, Shareholders or any members of the immediate family of any of the foregoing had or is to have a direct or indirect material interest. The Company, in August 2006, engaged as a consultant, Capital Merchant Banc under an Agreement which provides for the vesting of 600,000 Warrants to purchase Shares at $0.55 per Share based upon performing consulting services for which it is paid $3,000 per month. When vested, Capital Merchant Banc could acquire an amount of Shares equal to 15.66% of the issued and outstanding Common Stock prior to exercise of any Warrants. These Warrants expire August 31, 2009 with an Option to acquire a new two year Warrant at $0.55 for 600,000 if the stock price has not closed at $0.50 for 30 days. Capital Merchant Banc Warrants are vested upon completion of the consulting services for: 1. Product Public Relations Program; 2. Sales Program design; 3. Corporate Awareness Program and structure advice which Tombstone deems to be substantially complete. In May 2009, the term of these warrants was extended to August 31, 2012. In May 2009, Capital Merchant Banc assigned 300,000 to unrelated party individuals.. The Company was indebted to two officers (Messers. Cox and Harris) for accrued but unpaid compensation totaling $36,000 at December 31, 2008. During the year ended December 31, 2009, the Company issued to two officers a total of 360,000 shares of common stock in lieu of the accrued salaries. The fair value of the common stock on the transaction date was $.20 per share. As a result, the Company recorded $36,000 against the accrued salaries and $36,000 as stock based compensation. During the year ended December 31, 2009, the Company issued a former officer (Michael Willis) a total of 123,000 shares of common stock in lieu of salaries valued at $24,600 ($0.20 per share), based on the fair value of the common stock on the transaction date. During the second quarter of 2009, we granted Mr. Michael Willis, a former officer of the Company, an option to purchase 55,000 shares of our common stock at an exercise price of $0.20 per share, in exchange for services. The option to purchase 55,000 shares of our common stock vested immediately on the grant date in April and expires on August 31, 2012. Our Board of Directors valued our common stock at $0.20 and $0.26 per share on the grant date. We, utilizing appropriate option pricing software, estimated the fair value of the options at $0.05 to $0.26 per share for an aggregate grant-date fair value of $1,105. 31 ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES GENERAL. Cordovano and Honeck, LLP ("C&H") is the Company's principal auditing accountant firm. The Company's Board of Directors has considered whether the provisions of audit services is compatible with maintaining C&H's independence. The following table represents aggregate fees billed to the Company for the years ended December 31, 2009 and December 31, 2008 by Cordovano and Honeck, LLP. Year Ended December 31, 2009 2008 -------------------- -------------------- Audit Fees $ 15,124 $ 15,329 Audit-related Fees $ 0 $ 0 Tax Fees $ 615 $ 625 All Other Fees $ 0 $ 0 -------------------- -------------------- Total Fees $ 15,739 $ 15,954 All audit work was performed by the auditors' full time employees. Tombstone's corporate tax returns are prepared by J.L Griffin & Company, P.C. PART IV ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES The following is a complete list of exhibits filed as part of this Form 10K. Exhibit number corresponds to the numbers in the Exhibit table of Item 601 of Regulation S-K. (a) Audited financial statements for December 31, 2009 (b) Exhibit No. Description ----------- ----------- 3.1 Articles of Incorporation (1) 3.2 Articles of Amendment - Name Change to Tombstone Cards, Inc. (1) 3.3 Articles of Amendment - Name Change to Tombstone Technologies, Inc. 3.5 Bylaws

(1) 10.1 "A" Warrant Form (1) 10.2 "B" Warrant Form (1) 10.3 Capital Merchant Banc Warrant Form (1) 10.4 Employee Stock Warrant Form (1) 10.5 William H. Reilly Warrant Form (1) 10.6 Dale Stonedahl Warrant Form (1) 10.7 Revised Garden State Securities Warrant Form (2) 10.8 Consulting Agreement with Capital Merchant Banc, LLC (1) 10.9 Garden State Securities Finder's Fee Agreement (1) 10.10 2006 Tombstone Cards, Inc. Option Plan (1) 21 List of Subsidiaries 32 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the 32.1 Certification of Principal Executive Officer pursuant to Section 906 of the 32.2 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act --------------------- (1) Incorporated by reference to the Form S-1 Registration Statement (#333-138184) filed with the Securities and Exchange Commission on October 24, 2006. (2) Incorporated by reference to the Form S-1 Registration Statement (#333-138184) filed with the Securities and Exchange Commission on January 8, 2007. A copy of documents can be provided by mail, free of charge, by sending a written request to Tombstone Technologies, Inc., 5380 Highlands Dr., Longmont, CO 80503. 33 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Page ------------- Report of Independent Registered Public Accounting Firm F-2 Balance Sheets at December 31, 2009 and December 31, 2008 F-3 Statements of Operations for the Years Ended December 31, 2009 and 2008 F-4 Statements of Changes in Shareholders' Equity (Deficit) for the Years Ended December 31, 2009 and 2008 F-5 Statements of Cash Flows for the Years Ended December 31, 2009 and 2008 F-6 Notes to Financial Statements F-7 F-1 Independent Registered Public Accounting Firm The Board of Directors and Shareholders Tombstone Technologies, Inc.: We have audited the accompanying balance sheets of Tombstone Technologies, Inc. as of December 31, 2009 and 2008, and the related statements of operations, changes in shareholders' equity/(deficit), and cash flows for each of the years in the two-year period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tombstone Technologies, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. As shown in the financial statements, the Company incurred net losses of $301,278 and $380,089 for the years ended December 31, 2009 and 2008, respectively. At December 31, 2009, current liabilities exceed current assets by $100,053. These factors, and the others discussed in Note 1, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the company cannot continue in existence. /s/ Cordovano and Honeck LLP Cordovano and Honeck LLP Englewood, Colorado March 26, 2010 F-2 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Balance Sheets As of December 31, 2009 2008 ------------------ ------------------- Assets Current Assets Cash and cash equivalents $ 7,439 $ 11,882 Accounts receivable -- 383 Prepaid expenses -- 1,854 ------------------ ------------------- Total Current Assets 7,439 14,119 Property and equipment, net (Note 3) 5,679 17,591 Deferred charges -- 53,450 Intangible assets, net (Note 3) 92,647 484 ------------------ ------------------- Total Assets $ 105,765 $ 85,644 ================== =================== Liabilities and Shareholders' Equity (Deficit) Current Liabilities: Accounts payable $ 7,234 $ 953 Accrued payroll -- 36,000 Other current liabilities -- 2,754 Convertible promissory notes, net of unamortized discount of $1,667 (Note 4) 98,333 -- Current portion - capital lease obligation 1,925 2,697 ------------------ ------------------- Total Current Liabilities 107,492 42,404 Capital lease obligation, less current portion -- 1,542 ------------------ ------------------- Total Liabilities 107,492 43,946 ------------------ ------------------- Shareholders' Equity (Deficit) (Note 6): Preferred stock, no par

value; 1,000,000 shares authorized, -0- and -0- shares issued and outstanding, respectively -- -- Common stock, no par value; 100,000,000 shares authorized, 3,878,000 and 3,230,000 shares issued and outstanding, respectively 955,775 816,305 Additional paid-in capital 253,275 134,892 Accumulated deficit (909,499) (909,499) Deficit accumulated during development stage (301,278) -- ------------------ ------------------- Total Shareholders' Equity (Deficit) (1,727) 41,698 ------------------ ------------------- Total Liabilities and Shareholders' Equity (Deficit) $ 105,765 $ 85,644 ================== ==================== See accompanying notes to financial statements F-3 TOMBSTONE TECHNOLOGIES INC. (A Development Stage Company) Statements of Operations For the Year Ended December 31, --- 2009 2008 ------------------- -------------------- Sales $ 1,508 $ -- Cost of sales 1,120 -- ------------------- ------------------- Gross profit 388 -- Selling, general and administrative expenses 197,654 323,760 ------------------- ------------------- Loss from continuing operations (197,266) (323,760) Other income and (expense): Interest income 5 3,893 Interest expense: Beneficial conversion feature (Note 4) (98,333) -- Other (5,200) (488) Operating loss due to impairment of assets (484) ------------------- ------------------- (104,012) 3,405 Loss before income taxes and discontinued operations (301,278) (320,355) Income tax provision (Note 7) -- -- ------------------- ------------------- Loss from continuing operations (301,278) (320,355) ------------------- ------------------- Discontinued operations (Note 5): Loss from operations of playing card component, net of taxes -- (46,976) Loss from abandonment of playing card component, net of taxes -- (12,758) ------------------- ------------------- Net loss $ (301,278)$ (380,089) =================== =================== Basic and diluted loss per share: Loss from continuing operations $ (0.09)$ (0.10) =================== =================== Loss from discontinued operations, net of tax $ 0.00 $ (0.02) =================== =================== Net loss $ (0.09)$ (0.12) =================== =================== Basic and diluted weighted average common shares outstanding 3,508,220 3,230,000 =================== =================== See accompanying notes to financial statements F-4 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Statement of Changes in Shareholders' Equity (Deficit) Deficit Accumulated Additional During Common Stock Paid-in Accumulated Development -------------------------------- Shares Amount Capital Deficit Stage Total ---------------- ------------- ------------- -------------- ------------ -------------- Balance at December 31, 2007 3,230,000 $ 816,305 $ 82,030 $ (529,410)$ -- $ 368,925 Stock options issued to consultants -- -- 52,862 -- -- 52,862 Net loss -- -- -- (380,089) -- (380,089) ---------------- ------------- ------------- -------------- ------------ -------------- Balance at December 31, 2008 3,230,000 816,305 134,892 (909,499) -- 41,698 March 2009, shares issued for software development (Note 6) 140,000 37,870 -- -- -- 37,870 June 2009, shares issued for accrued payroll and services by an officer (Note 2) 476,170 95,234 -- -- -- 95,234 July 2009, shares issued for services by an officer (Note 2) 6,830 1,366 -- -- -- 1,366 July 2009, shares issued for software develop- ment (Note 6) 25,000 5,000 -- -- -- 5,000 Stock options issued and extended (Note 6) -- -- 18,383 -- -- 18,383 Discount on convertible promissory notes (Note 4) -- -- 100,000 -- -- 100,000 Net loss -- -- -- -- (301,278) (301,278) ---------------- ------------- ------------- ------------- ------------ -------------- Balance at December 31, 2009 3,878,000 $ 955,775 $ 253,275 $ (909,499) $ (301,278) $ (1,727) ================ ============= ============= ============= ============ ============== See accompanying notes to financial statements F-5 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Statements of Cash Flows For the Year Ended December 31, -------------------------------------- 2009 2008 ------------------ ----------------- Cash flows from operating activities: Net loss $ (301,278) $ (380,089) Adjustments to reconcile net loss to net cash used in operating activities: Stock-based compensation 78,983 52,862 Interest expense - beneficial conversion feature of promissory notes 98,333 -- Depreciation Expense 11,912 10,237 Amortization Expense 18,530 -- Loss on write off of assets 484 -- Loss on write off of assets of discontinued playing card component -- 17,789 Change in operating assets and liabilities: Decrease in accounts receivable 383 8,873 Decrease (increase) in prepaid expenses 1,854 (360) Increase in accounts payable 3,527 38,681 ------------------ ----------------- Net cash used in operating activities (87,272) (252,007) ------------------ ----------------- Cash flows from investing activities: Purchase of property and equipment -- (6,750) Patent application costs -- (484) Purchase of software (14,857) (39,846) ------------------ ----------------- Net cash used in investing activities (14,857) (47,080) ------------------ ----------------- Cash flows from financing activities: Proceeds from issuance of convertible promissory notes 100,000 -- Payments on capital lease obligation (2,314) (2,529) ------------------ ----------------- Net cash provided by (used in) financing activities 97,686 (2,529) ------------------ ----------------- Net change in cash and cash equivalents (4,443) (301,616) Cash and cash equivalents: Beginning of year 11,882 313,498 ------------------ ----------------- End of year $ 7,439 $ 11,882

================== ================== Supplemental disclosure of cash flow information: Cash paid during the year for: Income taxes $ -- $ -- ================== ================== Interest $ 5,200 $ 488 ================== ================== Noncash investing and financing transactions: Common stock issued as payment for software development costs $ 42,870 $ -- ================== ================== Common stock issued as payment for accrued payroll $ 36,000 $ -- ================== ================== See accompanying notes to financial statements F-6 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 (1) Presentation and Significant Accounting Policies Organization Tombstone Technologies, Inc. (referenced as "we," "us," "our" in the accompanying notes) was incorporated in the State of Colorado on April 29, 2005. We were organized to engage in the business of manufacturing and selling personalized playing cards. We changed our name in 2008 from Tombstone Cards, Inc. to Tombstone Technologies, Inc. to reflect our current operations (See also Note 5). We have had limited operations since inception. Those operations originally focused on the structure and capital formation of the Company and on the manufacturing and marketing of customized playing cards, however, during the third quarter of 2008, our board of directors made the decision to revise our business plan to direct the Company's efforts and resources toward the development, marketing and licensing of software targeting the local printers industry. We are no longer promoting our customized playing cards and we have abandoned, for all intents and purposes, the customized playing card business. We are currently offering the following products to local printers: o OIEPrint - a platform independent, browser-based RIA that supports template driven design and provides high-resolution PDF files to the printer. o OIEPrint Store - an advanced e-commerce solution that supports multiple customization options (e.g. paper color, paper weight, paper finish, collating, binding, shipping, etc.) and dependent variables (e.g. If you choose "A," you cannot choose "B" but can choose "C") o OIEPrint VDP - an easy-to-use tool for linking database mining with custom printing and 1:1 marketing. There is no assurance of market acceptance, or that, if accepted, the new products will be profitable. Basis of Presentation Development Stage Company The Company emerged from the development stage in 2007 while conducting its customized playing cards operations. During 2008, our board of directors made the decision to revise our business plan to direct the Company's efforts and resources toward the development, marketing and licensing of software targeting the local printers industry. As a result, effective January 1, 2009, the Company re-entered the development stage. Accordingly, the Company's activities have been accounted for as those of a development stage company as of and for the year ended December 31, 2009. Going Concern and Management's Plan The Company's audited financial statements for the year ended December 31, 2009 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has retained deficits totaling $1,210,777, has incurred losses from operations since inception, and has a deficit in working capital totaling $100,053 at December 31, 2009. These factors raise substantial doubt about the Company's ability to continue as a going concern. F-7 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 We have plans in place for dealing with the effects of the above adverse conditions and events. We launched our first two products during the 3rd quarter of 2009. In addition to the proceeds from the sale of our products, we raised $100,000 through the sale of convertible promissory notes payable. During the first quarter of 2009, we commenced the offering of convertible promissory notes convertible into shares of our common stock. Such notes had a term of one year, an interest rate of 8% per annum (to be paid on a quarterly basis) and were convertible into shares of the Company's common stock at a rate of $0.10 per share. As of July 24, 2009, we raised $100,000 in proceeds from the offering. During the year ended December 31, 2009, we paid $4,744 in interest to the holders of the Convertible Promissory Notes. In January 2010, all of the holders of the outstanding Convertible Promissory Notes gave conversion notice to the Company that they would convert their notes into shares of the Company's common stock. The conversion of the Convertible Promissory Notes resulted in the issuance of 1,000,000 shares of Company's common stock to the convertible promissory note holders of such notes as of January 15, 2010. After the conversion of such Convertible Promissory Notes the Company does not have any Convertible Promissory Notes outstanding. Proposed Acquisition On January 19, 2010, the Company announced that it has entered into an agreement to acquire the assets of Hunt Global Resources, Inc., a Houston based company focused on the use of new technologies to maximize the value of its natural resources projects. The transaction is in the form of a reverse acquisition wherein Hunt Global Resources will be the surviving company when the transaction is complete. The closing of the acquisition is subject to the completion of audited financial statements of Hunt Global Resources, Inc. At the time of this filing, such audited financial statements have not been produced. Significant Accounting Policies Use of Estimates The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Cash and Cash Equivalents We consider all highly liquid securities with original maturities of three months or less when acquired to be cash equivalents. We had no cash equivalents at December 31, 2009 and 2008. Accounts Receivable: The allowance for doubtful accounts, which is $1,508 and $-0- at December 31, 2009 and 2008, respectively, is based on an assessment of the collectability of customer accounts. We review the allowance by considering factors such as historical experience, credit quality, and age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay. Equipment Equipment is recorded at cost. Expenditures that extend the useful lives of equipment are capitalized. Repairs, maintenance and renewals that do not extend the useful lives of the equipment are expensed as incurred. Depreciation is provided on the straight-line method over 3 years. F-8 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 Capitalized Software Development Costs Software development costs include payments made to independent software developers under agreement. Software development costs are capitalized once the technological feasibility of a software program is established and such costs are determined to be recoverable. Technological feasibility is evaluated on a program-by-program basis. We evaluate the future recoverability of capitalized amounts on a quarterly basis. The recoverability of capitalized software development costs is evaluated based on the expected performance of the specific program for which the costs relate. Significant management judgments and estimates are utilized in the assessment of when technological feasibility is established, as well as in the ongoing assessment of the recoverability of capitalized costs. Capitalized software development costs are amortized over their useful lives (3 years) commencing when the software was placed into service. Long-lived assets Long-lived assets include property and equipment, equity investments and intangible assets. Whenever events or changes in circumstances indicate that the carrying amounts of long-lived assets may not be recoverable, we estimate the future cash flows, undiscounted and without interest charges, expected to result from the use of those assets and their eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. No impairments have been recognized for the years ended December 31, 2009 and 2008. Revenue Recognition Revenue is recognized on the accrual basis in the month services are performed. Total revenues for the years ended December 31, 2009 and 2008 were $1,508 and $-0-, respectively. Financial Instruments The Company has determined, based on available market information and appropriate valuation methodologies, that the fair value of its financial instruments approximates carrying value. The carrying amounts of cash and cash equivalents, and accounts payable approximate fair value due to the short-term maturity of the instruments. Income Taxes We account for income taxes under the provisions of Accounting Standards Codification ("ASC") ASC-740 "Accounting for Income Taxes". ASC-740 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. In addition ASC-740 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes and has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. We have identified our federal tax return and our state tax return in Colorado as "major" tax jurisdictions, as defined. We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material F-9 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 adverse effect on our financial condition, results of operations, or cash flow. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC-740. We did not record a cumulative effect adjustment related to the adoption of ASC-740. Advertising Costs All advertising costs are expensed as incurred. Advertising expenses were $1,875 and $9,574, respectively, for the years ended December 31, 2009 and 2008, respectively. Earnings (Loss) per Common Share Basic earnings per share are computed by dividing income available to common shareholders (the numerator) by the weighted-average number of common shares (the denominator) for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if potentially dilutive common shares had been issued. At December 31, 2009 and 2008, there were no variances between basic and diluted loss per share as the impact of options and warrants outstanding to purchase a total of shares of our common stock (1,689,999 shares of our common stock at December 31, 2009 and 5,020,000 shares of our common stock at December 31, 2008) would have been anti-dilutive. Share-Based Awards Share based compensation awards are recognized using an estimate of value in accordance with the fair value method. 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 requisite service period, which generally is the vesting period. The Company elected the modified-prospective method, under which prior periods are not revised for comparative purposes. The valuation method applies to new grants and to grants that were outstanding as of the effective date and are subsequently modified. New Accounting Standards In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 105, "Generally Accepted Accounting Principles" (formerly Statement of Financial Accounting Standards ("SFAS") No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles"). ASC 105 establishes the FASB ASC as the single source of authoritative nongovernmental U.S. GAAP. The standard is effective for interim and annual periods ending after September 15, 2009. We adopted the provisions of the standard on September 30, 2009, which did not have a material impact on our financial statements. There were various other accounting standards and interpretations issued in 2009, none of which are expected to have a material impact on the Company's financial position, operations or cash flows. (2) Related Party Transactions The Company was indebted to two officers for accrued but unpaid compensation totalling $36,000 at December 31, 2008. During the year ended December 31, 2009, F-10 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 the Company issued to two officers a total of 360,000 shares of common stock in lieu of the accrued salaries. The fair value of the common stock on the transaction date was $.20 per share. As a result, the Company recorded $36,000 against the accrued salaries and $36,000 as stock based compensation. During the year ended December 31, 2009, the Company issued a former officer a total of 123,000 shares of common stock in lieu of salaries valued at $12,300. In addition, $12,300 was charged to stock based compensation to reflect the fair value of the common stock on the transaction date ($0.20 per share). (3) Balance Sheet Components Property and equipment At December 31, 2009 and 2008, major classes of property and equipments were: December 31, --------------------------------- 2009 2008 Furniture and fixtures..................... $ 1,421 $ 1,421 Office equipment.......................... 24,612 24,612 Leased equipment.......................... 6,768 6,768 Less: accumulated depreciation............ (27,122) (15,210) ---------------- ---------------- $ 5,679 $ 17,591 ================ ================ Depreciation expense (including depreciation on leased equipment of $2,256 and $2,256) was $11,912 and $10,237, respectively, for the years ended December 31, 2009 and 2008. Future minimum lease payments on the leased equipment total $1,925 (all due in 2010). Intangible Assets At December 31, 2009 and 2008, amortized software development costs were: December 31, --------------------------------- 2009 2008 ---------------- ---------------- Deferred Charges: OEI Print................................$ - $ 26,725 OEI Storefront............................ - 26,725 Software Development Costs: OEI Print................................. 55,589 -- OEI Storefront............................ 55,588 -- Accumulated Amortization (18,530) -- --------------- ---------------- $ 92,647 $ 53,450 ================ ================ Future amortization of software development costs follows: F-11 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 December 31, 2010.. $ 37,059 2011... 37,059 2012... 18,529 --------------- $ 92,647 ================ On May 15, 2008, Tombstone entered into an Intellectual Property Transfer Agreement with InDis Baltic, a Lithuania company, to purchase all of the rights, title and interest in and to the technology, intellectual property and the proprietary technology contained in the computer software known as OIEPrint. OIEPrint was developed as part of a development agreement between Tombstone and InDis Baltic. As part of the Intellectual Property Transfer Agreement, Tombstone agreed to pay the following: 1. $7,500 immediately upon mutual acceptance of Transfer Agreement, 2. $7,500 upon final acceptance of the Technology, 3. 140,000 shares of restricted common stock of Tombstone upon final acceptance of the Technology, and 4. $10,000 in 90 days from the final acceptance of the Technology. On March 3, 2009, Tombstone issued 140,000 shares of restricted common stock of Tombstone to InDis Baltic as indicated in the above agreement and recorded it as a deferred charge. On June 30, 2009, Tombstone recorded half of the final payment $5,000 for OIEPrint, which is a deferred charge in the accompanying financial statements. On July 6, 2009, Tombstone issued 25,000 shares of common stocks to InDis Baltic as the other half of the final payment in an agreement signed on July 6, 2009. As a result of the final payment being made the intellectual property has been transferred to Tombstone. At that time, the Company capitalized the deferred charges in connection with OIEPrint as intangible assets and began to amortize them accordingly. At December 31, 2009, intangible assets had a net value of $92,647. We are amortizing the software development costs over their useful lives (3 years) based on when the software was placed into service. The provisional patent was written off during the quarter ended March 31, 2009. (4) Convertible Promissory Notes During the year ended December 31, 2009, the Company issued Convertible Promissory Notes payable to unrelated third parties totaling $100,000 with interest accruing at 8% per annum (paid quarterly) maturing twelve months from date of issuance. The notes were immediately convertible to restricted shares of common stock at $0.10 per share. A beneficial conversion feature (difference between conversion price and the quoted stock price on the date of commitment) embedded in the convertible promissory notes was measured at $100,000 and recorded as a debt discount on the transaction date. As of December 31, 2009, $98,333 of the discount was amortized to interest expense, leaving an unamortized discount of $1,667 in the accompanying financial statements for the year ended December 31, 2009. F-12 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 If the convertible notes would have been converted on December 31, 2009, the intrinsic value of the stock would have exceeded the principle value of the notes by $350,000. The following is a summary of convertible promissory notes at December 31, 2009 and December 31, 2008: December 31, December 31, 2009 2008 ---- ---- Notes issued in March 2009 $ 7,500 $ - Notes issued in April 2009 25,000 - Notes issued in May 2009 27,500 - Notes issued in July 2009 40,000 - -------------------- ------------------- Total convertible promissory notes $ 100,000 $ - ==================== ================== In January 2010, all of the holders of the outstanding Convertible Promissory Notes gave conversion notice to the Company that they would convert their notes into shares of the Company's common stock. The conversion of the Convertible Promissory Notes resulted in the issuance of 1,000,000 shares of Company's common stock to the convertible promissory note holders of such notes as of January 15, 2010. After the conversion of such Convertible Promissory Notes the Company does not have any Convertible Promissory Notes outstanding. (5) Discontinued Operations- Playing Card Component Our playing card component lost $46,976 during the first two quarters of 2008. During the third quarter of 2008, the Board of Directors resolved to abandon the manufacture and marketing of customized playing cards and to concentrate on the development, marketing and licensing of software for the local printers industry. All inventory and unamortized web site costs were written off as of the year ended December 31, 2008. (6) Shareholders' Equity Preferred Stock The Company has authorized 1,000,000 shares of preferred stock. To date there have been no issuance of preferred stock. Upon issuance the Board of Directors will determine the terms and conditions. Common Stock The Company is authorized to issue 100,000,000 shares of no par value common stock. Common Stock Options and Warrants Pursuant to our Employee/Consultant Stock Option Plan, stock options generally are granted with an exercise price equal to the market price of our common stock at the date of grant. Substantially all of the options granted to employees and consultants are exercisable pursuant to an immediate vesting schedule with a maximum contractual term of 5 years. The fair value of these options is estimated using the Black-Scholes option pricing model which incorporates the assumptions noted in the table below. The risk-free interest rate for periods F-13 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 within the expected life of the option is based on the U.S. Treasury bond rate in effect at the time of grant. We do not pay dividends and do not expect to do so in the future. Expected volatilities are based on historical volatilities of appropriate industry sector index. The expected term of the options granted during 2009 is approximately 3 years calculated using the simplified method. The simplified method is utilized due to our limited operating history. We use historical volatility of appropriate industry sector index as we believe it is more reflective of market conditions and a better indicator of volatility. We use the simplified calculation of expected life. If we determine that another method used to estimate expected volatility was more reasonable than our current methods, or if another method for calculating these input assumptions was prescribed by authoritative guidance, the fair value calculated for share-based awards could change significantly. Higher volatility and longer expected lives result in an increase to share-based compensation determined at the date of grant. A summary of changes in the number of stock options and warrants outstanding for the year ended December 31, 2009 is as shown in the table below. Number of Price Per Price Per Contractual Aggregate Shares Share Share Life Intrinsic Value Outstanding at January 1, 2008

4,570,000 $0.75 - $1.00 $0.77 1.83 years $0 Granted.................................... 600,000 - - N/A -- Expired.................................... -- -- N/A -- -- Cancelled/Expired.......................... (150,000) -- -- -- -- ---------------- -------------- ---------------- -------------- ------------- Outstanding at January 1, 2009............. 5,020,000 $0.65 - $1.50 $2.56 .75 years $78,000 Granted.................................... 129,999 $0.10 - $0.20 $0.15 3.40 years -- Expired.................................... -- -- -- N/A -- Cancelled/Expired.......................... (3,460,000) $2.00 - $5.00 $3.50 0 -- ---------------- -------------- ---------------- -------------- ------------- Outstanding at December 31, 2009............ 1,689,999 $0.10 - $1.50 $0.65 2.67 years $38,500 ================ =============== ================ ============= ============= Exercisable at December 31, 2009 1,689,999 $0.10 - $1.50 $0.65 2.67 years $38,500 ================ =============== ================ ============= ============= New Stock Options Granted During 2008, we granted to consultants, options to purchase 600,000 shares of our common stock at an exercise prices ranging from $0.65 per share to $1.50 per share, in exchange for consulting services. The options vested immediately and expired from 2009 to 2013. Our Board of Directors, utilizing appropriate software, estimated the fair value of the options at values ranging from $0.001 per share to $0.2981 per share, or $52,863, which was recorded as stock compensation cost included in general and administrative expenses in the accompanying financial statements at December 31, 2008. Using the Black-Scholes option-pricing software, the Board of Directors assumed the following in estimating the fair value of the warrant at the grant date: From To Risk-free interest rate.......................0.70% 2.37% Dividend yield...............................0.00% 0.00% Volatility factor............................22.00% 50.00% Weighted average expected life.................0.07 5.00% F-14 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 During the second quarter of 2009, we granted to two consultants and one officer, options to purchase 129,999 shares of our common stock at an exercise price of $0.10 to $0.20 per share, in exchange for services. The option to purchase 129,999 shares of our common stock vested immediately on the grant date in April and their terms have been extended until August, 2012. Our Board of Directors valued our common stock at $0.20 and $0.26 per share on the grant date. We, utilizing appropriate option pricing software, estimated the fair value of the options at $0.05 to $0.26 per share for an aggregate grant-date fair value of $8,009. We recorded stock-based compensation in the accompanying financial statements for the year ended December 31, 2009. The fair values of grants made in the year ended December 31, 2009 were computed using the following assumptions for our stock option plans: From To Risk-free interest rate 0.16% 0.41% Dividend Yield 0.00% 0.00% Volatility Factor 25.00% 25.00% Weighted Average Expected Life 0.07 2.67 yrs Options and Warrants Expired During the year ended December 31, 2009, options and warrants exercisable for 3,460,000 shares of the Company's common stock cancelled/expired. Amendment to Stock Option Plan On May 27, 2009, our Board of Directors approved an amendment to the Company's Employee/Consultant Stock option plan to increase the number of shares authorized from 1,000,000 to 1,500,000. Modification to Existing Options The Board also modified 1,029,999 outstanding stock options under the Company's Employee/Consultant Stock Option Plan and 660,000 placement agent warrants, common stock only, by extending their terms until August 31, 2012. Based on the grant-date fair value estimated in accordance with the provisions of FASB ASC 718-20, the fair value of the incremental cost increase for the modified options totaled $10,374, which has been recognized as stock-based compensation expense in the accompanying financial statements for the year ended December 31, 2009. The fair values of modifications made during the year ended December 31, 2009 were computed using the following assumptions for our stock option plans: Risk-Free interest rate 1.50% Dividend yield 0.00% Volatility Factor 25.00% Weighted average expected life 2.29 years (7) Income Taxes A reconciliation of U.S. statutory federal income tax rate to the effective rate follows: F-15 TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Notes to Financial Statements December 31, 2009 Year Ended December 31, 2009 2008 ---------------- ---------------- U.S. statutory federal rate 32.98% 25.00% State income tax rate 3.10% 5.00% Permanent difference - Contributed Services 0.00% -1.90% Net operating loss for which no tax benefit is currently available -36.08% -28.10% ---------------- ---------------- 0.00% 0.00% ================= ================ At December 31, 2009, deferred tax assets consisted of a net tax asset of $442,296 due to operating loss carryforwards of $1,210,777 which was fully allowed for, in the valuation allowance of $442,296. The valuation allowance offsets the net deferred tax asset for which there is no assurance of recovery. The change in the valuation allowance for the years ended December 31, 2009 and 2008 totaled $105,274 and $140,845, respectively. The net operating loss carryforward expires through the year 2029. The valuation allowance is evaluated at the end of each year, considering positive and negative evidence about whether the deferred tax asset will be realized. At that time, the allowance will either be increased or reduced; reduction could result in the complete elimination of the allowance if positive evidence indicates that the value of the deferred tax assets is no longer impaired and the allowance is no longer required. Should the Company undergo an ownership change as defined in Section 382 of the Internal Revenue Code, the Company's tax net operating loss carryforwards generated prior to the ownership change will be subject to an annual limitation, which could reduce or defer the utilization of these losses. (8) Subsequent Events The Company has evaluated its activities through March 26, 2010, the date the financial statements were issued, and found no reportable subsequent events, other than those mentioned below. Conversion of Convertible Promissory Notes In January 2010, all of the holders of the outstanding Convertible Promissory Notes gave conversion notice to the Company that they would convert their notes into shares of the Company's common stock. The conversion of the Convertible Promissory Notes resulted in the issuance of 1,000,000 shares of Company's common stock to the convertible promissory note holders of such notes as of January 15, 2010. After the conversion of such Convertible Promissory Notes the Company does not have any Convertible Promissory Notes outstanding. Proposed Acquisition On January 19, 2010, the Company announced that it has entered into an agreement to acquire the assets of Hunt Global Resources, Inc., a Houston based company focused on the use of new technologies to maximize the value of its natural resources projects. The transaction is in the form of a reverse acquisition wherein Hunt Global Resources will be the surviving company when the transaction is complete. The closing of the acquisition is subject to the completion of audited financial statements of Hunt Global Resources, Inc. At the time of this filing, such audited financial statements have not been produced. On February 10, 2010, the Company received $5,000 from Hunt Global Resources, Inc. to be used toward the payment of certain professional fees. F-16 SIGNATURES Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Tombstone Technologies, Inc. Dated: March 26, 2010 By: /s/ John N. Harris ------------------------------------- John N. Harris, President, Chief Executive Officer and Director By: /s/ Neil A. Cox ------------------------------------- Neil A. Cox, Chief Financial Officer and Chairman of the Board 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. Dated: March 26, 2010 /s/ John N. Harris -- John N. Harris, President, Chief Executive Officer and Director /s/ Neil A. Cox -- Neil A. Cox, Chief Financial Officer and Chairman of the Board /s/ William H. Reilly -- William H. Reilly, Chief Operating Officer, Chief Technology Officer and Director 34 EXHIBIT 21 LIST OF SUBSIDIARIES LIST OF TOMBSTONE TECHNOLOGIES, INC. SUBSIDIARIES None. 35