

ATHENA SILVER CORP
Form 10-Q/A
May 21, 2010
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q /A

(Amendment No. 1)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2009

OR

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
EXCHANGE ACT**
For the transition period from _____ to _____

Commission file number 000-51808

ATHENA SILVER CORPORATION

(formerly GOLDEN WEST BREWING COMPANY, INC.)
(Exact Name of Small Business Issuer as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

25-1909408
I.R.S. Employer
Identification number

2010A Harbison Drive #312, Vacaville, CA 95687 _
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: **(707) 884-3766**
Former name, former address, and former fiscal year, if changed since last report

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Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

As of May 15, 2009, the Registrant had 3,404,525 shares of its Common Stock outstanding.

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EXPLANATORY NOTE

The primary purpose of this Amendment No. 1 on Form 10-Q/A is to restate the consolidated financial statements for the fiscal quarter ended March 31, 2009, presented in our Quarterly Report on Form 10-Q initially filed with the Securities and Exchange Commission (SEC) on May 20, 2009 (the Original Filing).

As previously reported, subsequent to the issuance of our interim financial statements on Form 10-Q for the first quarter ended March 31, 2009, management discovered a financial statement error that related to the fiscal year ended December 31, 2008 that caused an understatement of the previously reported net loss for the year ended December 31, 2008 by \$191,800, or \$0.06 per common share. This error relates to the accounting for forgiveness of debt by a related party. As a result of this error, total other expense for the fourth quarter of fiscal 2008 was understated by \$191,800 due to the recording of debt forgiveness by a related party as other income item and the understatement of additional paid-in capital by a like amount. See Note 2 to the Notes to the consolidated interim financial statements for more details on this error and the related financial statement effect.

Generally, no attempt has been made in this Form 10-Q/A to modify or update other disclosures presented in the Original Filing except as required to reflect the effects of the restatement. This Form 10-Q/A does not reflect events occurring after the Original Filing or modify or update those disclosures. Information not affected by the restatement is unchanged and reflects the disclosures made at the time of the Original Filing. Accordingly, this Form 10-Q/A should be read in conjunction with the Company's filings made with the Securities and Exchange Commission subsequent to the filing of the original Form 10-Q. The following items have been amended as a result of the restatement:

Part I Item 1 (Financial Information), Part I Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Part I Item 4 (Controls and Procedures), have been amended from the Original Filing as a result of the restatement. In addition, Part II Item 6 (Exhibits) has been amended to include new certifications executed as of the date of this Form 10-Q/A by our Chief Financial Officer.

PART 1. FINANCIAL INFORMATION

Item 1.

Financial Statements

The consolidated financial statements included herein have been prepared by Golden West Brewing Company, Inc. (the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such SEC rules and regulations. In the opinion of management of the Company the accompanying statements contain all adjustments necessary to present fairly the financial position of the Company as of March 31, 2009 and December 31, 2008, and its results of operations for the three month periods ended March 31, 2009 and 2008 and its cash flows for

the three month periods ended March 31, 2009 and 2008 and the statement of stockholders deficit as of March 31, 2009. The results for these interim periods are not necessarily

indicative of the results for the entire year. The accompanying financial statements should be read in conjunction with the financial statements and the notes thereto filed as a part of the Company's annual report on Form 10-K.

GOLDEN WEST BREWING COMPANY AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEET****AS OF**

(Unaudited)

Current Assets:	March 31, 2009 <u>(Restated)</u>	December 31, 2008 <u>(Restated)</u>
Cash and cash equivalents	\$ 3,797	\$ 21,201
Accounts receivable, net of allowance for doubtful accounts of \$0.00 and \$23,849 at March 31, 2009 and December 31, 2008	 14,079	 39,178
respectively		
Inventory (Note 1)	95,653	109,495
Marketable Securities (Note 3)	38,540	73,952
Prepaid Expenses	<u>2,014</u>	<u>8,976</u>
Total current assets	154,083	252,802
Fixed Assets:		
Property and equipment from discontinued operations held for sale (Note 1)	139,116	152,590
Other Assets:		
Intangibles, net of accumulated amortization of \$17,917 and \$16,667 at March 31, 2009 and December 31, 2008, respectively	18,093	16,068
Deferred financing costs, net of accumulated amortization of \$ 23,311 and \$ 5,858 at March 31, 2009 and December 31, 2008, respectively. (Note 4)	 67,469	 84,922
Other assets	<u>1,717</u>	<u>7,709</u>
Total other assets	<u>87,279</u>	<u>108,699</u>
Total Assets	<u>\$ 380,478</u>	<u>\$ 514,091</u>

LIABILITIES AND STOCKHOLDERS DEFICIT

Current Liabilities:		
Accounts payable	\$443,045	\$445,353
Accrued expenses	300,261	265,105
Checks issued in excess of funds available	5,814	6,095
Lines of credit payable (Note 4)	33,631	32,555

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Advances related parties (Note 4)	(425)	7,425
Notes payable other, current portion (Note 4)	68,731	68,731
Notes payable related party, current portion (Note 4)	<u>1,122,304</u>	<u>1,109,054</u>
Total current liabilities	1,973,361	1,934,318
Long-term liabilities:		
Note payable related party, net of current portion (Note 4)	<u>-</u>	<u>-</u>
Total long-term liabilities	-	-
Total Liabilities	1,973,761	1,934,318
Commitments and Contingencies (Notes 1,2,3,4, 5, 6,7, 8, 9 ,10 and 11)		
Stockholders' Deficit:		
Preferred Stock, \$.0001 par value, 5,000,000 shares authorized,		
300,000 shares issued and outstanding as of March 31, 2009	30	30
and December 31, 2008		
Common stock, \$.0001 par value, 20,000,000 shares authorized,		
3,404,525 shares issued and outstanding as of March 31, 2009	340	340
and December 31, 2008		
Additional paid-in capital	1,897,771	1,898,015
Accumulated (deficit)	<u>(3,491,024)</u>	<u>(3,318,612)</u>
Total Stockholders' Deficit	<u>(1,592,883)</u>	<u>(1,420,227)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 380,478</u>	<u>\$ 514,091</u>

GOLDEN WEST BREWING COMPANY AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE MONTHS ENDED MARCH 31,**

	(Unaudited) <u>2009</u>	(Unaudited) <u>2008</u>
Revenues	\$ 48,110	\$ 286,299
Less: Excise taxes	<u>(1,880)</u>	<u>(12,317)</u>
Net revenues	46,230	273,982
Cost of sales	<u>42,844</u>	<u>211,734</u>
Gross profit (loss)	3,386	62,248
Operating expenses:		
Amortization	1,250	1,586
Legal and accounting	26,797	19,582
Management compensation	11,250	35,586
Stock-based compensation (Note 1 1)	3,338	3,338
Selling expenses	5,256	34,542
Other	<u>22,379</u>	<u>48,712</u>
Total operating expenses	70,269	143,346
Other Income (Expense):		
Miscellaneous income	1,289	67
Deferred Financing Costs	(17,453)	(38,814)
Loan Fees	-	(9,000)
Gain (Loss) on sale of marketable securities	(17,703)	-
Interest expense	<u>(27,606)</u>	<u>(27,720)</u>
Total other (expense)	(61,473)	(75,467)
Loss from continuing operations	(128,356)	(156,565)
Discontinued operations		
Revenues from discontinued operations	-	65,800
Expenses from discontinued operations	(37,303)	(88,992)
Loss on equipment sales	<u>(6,753)</u>	<u>-</u>
Loss from discontinued operations	(44,056)	(23,192)
Net (Loss)	\$ (172,412)	\$ (179,575)
Preferred dividends	<u>3,582</u>	<u>6,674</u>
Net Loss attributable to common shareholders	\$ <u>(175,994)</u>	<u>(186,431)</u>
Net Loss per share	\$ <u>(.05)</u>	<u>\$ (.06)</u>

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Net loss attributable to continuing operations	\$ <u>(135,110)</u>	\$ <u>(156,565)</u>
Net Loss per share	\$ <u>(.04)</u>	\$ <u>(.05)</u>
Let loss attributable to discontinued operations	\$ <u>(44,056)</u>	\$ <u>(23,192)</u>
Net Loss per share	\$ <u>(.01)</u>	\$ <u>(.01)</u>
Weighted Average Shares		
Outstanding	<u>3,371,816</u>	<u>3,025,167</u>

GOLDEN WEST BREWING COMPANY, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
MARCH 31, 2009 (RESTATED) (UNAUDITED)**

	Preferred Stock		Common Stock		Additional	Accumulated (Deficit)	Totals
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In Capital</u>		
Balance, December 31, 2007	300,000	30	3,335,000	334	1,485,033	(2,221,948)	(736,551)
Shares issued for compensation at \$0.50, March, 2008			6,000	1	2,999		3,000
Shares issued for loan fees at \$0.50, March, 2008			18,000	1	8,999		9,000
Deferred financing costs on line of credit for three months ended March 31, 2008					80,960		80,960
Shares issued for compensation at \$0.50, June, 2008			6,000	1	2,999		3,000
Shares issued for loan fees at \$0.50, June, 2008			3,500		1,750		1,750
Deferred financing costs on line of credit for three months ended June 30, 2008					17,830		17,830
Shares issued for trade liability at \$.30 per share, September, 2008			21,225	2	6,365		6,367
Shares issued for loan fees at \$.25 per share, August, 2008			1,500		375		375
Shares issued for compensation at \$.25 per share, August, 2008			6,000	1	1,499		1,500
Stock-based compensation options					13,352		13,352
Deferred financing costs on line of credit for three months ended September 30, 2008					6,830		6,830
Shares issued for compensation at \$.10 per share,			6,000		600		600

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December 1, 2008

Shares issued for loan fees at \$.10 per share, December, 2008		1,300		130		130
Deferred financing costs on line of credit for three months ended December 31, 2008				90,820		90,820
Dividends on Preferred Stock for the year ended 12-31-08				(14,326)		(14,326)
Contributed capital forgiveness of related party debt and accrued interest expense, December 2008 (Restated)				191,800		191,800
Net (Loss) (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,096,664)</u>
Balance, December 31, 2008 (Restated)	300,000	30	3,404,525	340	1,898,015	(3,318,612) (1,420,227)
Stock-based compensation options				3,338		3,338
Dividends on Preferred Stock for the quarter ended 3-31-09				(3,582)		(3,582)
Net (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,412)</u>
Balance, March 31, 2009 (Restated)	300,000	30	3,404,525	340	1,897,771	(3,491,024) (1,592,883)

For the three months
ended

March 31 (unaudited),

GOLDEN WEST BREWING COMPANY AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Net loss	\$ (172,412)	\$ (179,757)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	-	7,845
Amortization of intangibles	1,250	40,400
Stock-Based Compensation and expenses	3,338	3,338
Deferred financing costs and loan fees	17,453	9,000
Loss on sale of equipment	<u>6,753</u>	<u>-</u>
	28,794	60,583
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts Receivable	25,099	(55,535)
Inventories	13,842	(67,677)
Prepaid expenses & other assets	6,962	1,319
Marketable Securities	35,412	-
Increase (decrease) in:		
Checks written in excess of funds available	(281)	(20,643)
Accounts payable	(2,308)	55,988
Accrued Expenses	<u>31,574</u>	<u>28,826</u>
	110,300	(57,722)
	(33,318)	(17 6 , 896)

Net cash (used in) operating
activities

Cash Flows from(used in) Investing
Activities:

Investment in fixed assets	-	(775)
Net proceeds from (investment in) intangibles and other assets	<u>9,438</u>	<u>(22,309)</u>
Net cash from (used in) investing activities	9,438	(23,084)

Cash Flows from Financing Activities:

Net Increase in Notes Payable	<u>6,476</u>	<u>197,043</u>
Net cash from financing activities	6,476	197,043

Increase (Decrease) in Cash and Cash Equivalents	\$ (17,404)	\$ (2,937)
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Cash and Cash Equivalents, beginning of period	<u>21,201</u>	<u>4,684</u>
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Cash and Cash Equivalents, end of period	<u>\$ 3,797</u>	<u>\$ 1,747</u>
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Supplemental Schedule of Cash Flow
Information:

Cash paid for interest	\$ 1,035	\$ 98,100
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GOLDEN WEST BREWING COMPANY AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. Nature of Business and Significant Accounting Policies:

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in preparation of the financial statements. The Company has selected December 31 as its year end.

Description of Business - Golden West Brewing Company, Inc., a Delaware Corporation, and its wholly-owned California subsidiary Golden West Brewing Company were formed in 2003 for the purpose of acquiring Butte Creek Brewing Company, LLC ("Butte Creek"). The acquisition of Butte Creek was completed on August 31, 2005. In 2008, the Company formed a wholly-owned Washington subsidiary, Golden West Brewing, Inc. which is engaged in the business of investing in speculative securities. Together these entities are referred to as the Company on a consolidated basis.

In the opinion of management of the Company the accompanying statements contain all adjustments necessary to present fairly the financial position of the Company as of March 31, 2009 and December 31, 2008, and its results of operations for the three month periods ended March 31, 2009 and 2008 and its cash flows for the three month periods ended March 31, 2009 and 2008 and the statement of stockholders deficit as of March 31, 2009 and December 31, 2008. The accompanying financial statements should be read in conjunction with the financial statements for the year ended December 31, 2008 contained in our Form 10-K filed on April 14, 2009. All inter-company account balances and transactions are eliminated in consolidation.

In January 2009, we discontinued brewing operations at our Chico, California brewery. In February 2009, we entered into a three (3) year contract brewing agreement with an unrelated brewery located in California and will outsource the brewing and bottling of all our beers in 2009. As a result of the closure of our brewing facility, we expensed an impairment charge to fixed assets of \$82,730 in 2008. We have retained an independent equipment broker to sell our brewery equipment and are obligated to pay him a 10% commission on any completed transactions. As a result, our property and equipment was fairly valued at \$152,590 and \$139,116 as of December 31, 2008 and March 31, 2009, respectively.

We incurred a loss from discontinued operations of \$263,953 in 2008 and \$37,302 for the three months ended March 31, 2009 related to the closure of our brewing facility.

Accounts Receivable - Accounts receivable are reported at net realizable value. The Company has established an allowance for doubtful accounts based on factors pertaining to the credit risk of

specific customers, historical trends and other information. Delinquent accounts are written-off when it is determined that the amounts are uncollectible.

Inventory - Inventory is stated at the lower-of-average cost or market computed on a first-in first-out basis. Inventory values as of March 31, 2009 and December 31, 2008 are classified as follows:

<u>Inventory Class</u>	<u>2009</u>	<u>2008</u>
Finished Product	\$ 70,555	\$ 34,550
Manufacturing Materials	25,098	63,925
Goods in Process	<u>-</u>	<u>11,020</u>
Total	\$ 95,653	\$ 109,495

Fixed Assets Fixed assets are valued at historical cost less accumulated depreciation. Depreciation is computed on a straight-line basis. Fixed Assets values net of accumulated depreciation as of March 31, 2009 and December 31, 2008 are classified as follows:

<u>Fixed Asset Class</u>	<u>Life</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Manufacturing equipment	5-15 yrs	\$ -	\$ -
Draft equipment and kegs	5 yrs	-	-
Vehicles	5 yrs	-	-
Computers and lab equipment	5 yrs	-	-
Office furniture and fixtures	5 yrs	-	-
Leasehold improvements	30 yrs	-	-
Trademarks and domain names	n/a	-	-
Assets held for sale	n/a	<u>139,116</u>	<u>152,590</u>
Totals		\$ 139,116	\$ 152,590

As a result of the closure of our brewing facility, we expensed an impairment charge to fixed assets of \$82,730 in 2008. We have retained an independent equipment broker to sell our brewery equipment and are obligated to pay him a 10% commission on any completed transactions. As a result, our property and equipment was fairly valued at \$152,590 and \$139,116 as of December 31, 2008 and March 31, 2009, respectively.

Our Assets Held For Sale are located in our former brewing facility in Chico, California. Our landlord filed suit against us for back rent in February 2009. We reached a settlement of this lawsuit in March 2009. The settlement

requires us to pay rent on a month-to-month basis to retain possession of these premises. In addition, our property and casualty insurance for these premises lapsed in 2009 and we are in the process of obtaining new insurance. Our failure to properly insure these premises and equipment or failure to pay rent on a monthly basis could result in additional impairment charges on these fixed assets in 2009.

Income Recognition - The Company recognizes revenues at the point of sale when title to the product changes hands to the buyer.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. The actual results could differ from those estimates. The Company's financial statements are based upon a number of significant estimates including the allowance for doubtful accounts, inventory valuation, amortization, impairment of assets and the carrying value of our marketable securities. Due to the uncertainties inherent in the estimation process, it is at least reasonably possible that the estimates for these items could be further revised in the near term and such revisions could be material.

Financial Instruments - The Company discloses fair value information about financial instruments when it is practicable to estimate that value. The carrying value of the Company's cash, cash equivalents, and accounts payable approximate their estimated fair values due to their short-term maturities.

Concentrations of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and advances. At March 31, 2009 and December 31, 2008, the Company had no amounts of cash or cash equivalents in financial institutions in excess of amounts insured by agencies of the U.S. Government.

Valuation of Long-Lived Assets - The Company evaluates the carrying value of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the projected undiscounted future cash flows are less than its carrying value. The Company measures impairment based on the amount by which the carrying value exceeds the fair market value. Fair market value is determined primarily using the projected cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

Income Taxes - The Company recognizes deferred tax assets and liabilities for temporary differences between the tax bases of assets and liabilities and the amounts at which they are carried in the financial statements, the effect of net operating losses, based upon the enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Intangibles - Intangibles consists of goodwill, trade names and trademarks. Intangibles other than goodwill are amortized using the straight-line method over the estimated useful life of the intangibles. The \$25,000 of acquired intangible assets relate to trade names and trademarks that had an expected remaining useful life of approximately five years at the time of their purchase in August 2005 are being amortized over a 5-year period. In addition, we have capitalized an additional \$10,010 in costs associated with the development of our registered trademark portfolio that are also being amortized over a 5-year period. Assets determined to have indefinite lives are no longer amortized in accordance with SFAS No. 142, "Goodwill and Other Intangibles," but are tested for impairment on an annual basis.

Recent Accounting Pronouncements - There were various accounting standards and interpretations issued during 2009 and 2008, none of which are expected to have a material impact on the Company's consolidated financial position, operations or cash flows.

Per Share Information - Per share information is computed by dividing the net income or loss by the weighted average number of shares outstanding during the period.

Cash and Cash Equivalents - The Company considers cash and cash equivalents to consist of cash on hand and demand deposits in banks with an initial maturity of 90 days or less.

Risks and Uncertainties - The Company is subject to substantial business risks and uncertainties inherent in starting a new business. There is no assurance that the Company will be able to generate sufficient revenues or obtain sufficient funds necessary for launching a new business venture.

Basis of Presentation - Going Concern - Generally accepted accounting principles in the United States of America contemplates the continuation of the Company as a going concern. However, the Company has sustained losses from operations, and has a net working capital deficit and is in default on significant commitments, which raise substantial doubt about the Company's ability to continue as a going concern. Management of the Company believes that the additional capital from the proposed public offering and improved results from operations will be sufficient for the continued viability of the company, however there can be no assurance that either will occur.

In view of these matters, realization of certain of the assets in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and the success of its future operations.

2. Restatement of Previously Issued Consolidated Financial Statements

On December 31, 2008, John C. Power, the Company's CEO and significant shareholder, forgave \$191,800 of debt and accrued interest. The Company originally recorded this amount as a gain on debt forgiveness in its consolidated statements of operations. Forgiveness of debt and accrued interest by a related party should be accounted for as a contribution of capital and accordingly, the Company has restated its 2008 consolidated financial statements to reflect this \$191,800 increase in net loss and \$191,800 increase in additional paid-in capital, summarized as follows:

Consolidated Balance Sheet Effects of Restatement :

	December 31, 2008	
Originally Reported	Restatement	Restated Amount

Total Assets	\$	\$	\$
	514,091	-	514,091
Total Liabilities	1,934,318	-	1,934,318
Stockholders' Equity:			
Preferred stock	30	-	30
Common stock	340	-	340
Additional paid-in capital	1,706,215	191,800	1,898,015
Accumulated (deficit)	<u>(3,126,812)</u>	<u>(191,800)</u>	<u>(3,318,612)</u>
Total Liabilities and Stockholders' Deficit	\$	\$	\$
	514,091	-	514,091

3 .. Marketable Securities

In 2008, we formed a wholly-owned Washington subsidiary, Golden West Brewing, Inc. which is engaged in the business of investing in speculative securities. The following table sets forth marketable securities owned as of March 31, 2009 together with a presentation of realized losses for the period of \$ 17,702 ..

No. of <u>Shares</u>	<u>Security</u>	Historical <u>Cost</u>	Market Value @ <u>3/31/09</u>	Gain (Loss) 1 st Qtr, <u>2009</u>	Gain (Loss) Prior <u>Period s</u>
	Edge Petroleum Convertible				
9,353	Preferred	\$ 60,104	\$11,598	\$ (3,928)	\$ (44,578)
22,000	Dollar Thrifty Auto Group	22,346	25,752		