ALL AMERICAN SPORTPARK INC
Form 10QSB
May 16, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

Commission File Number: 0-24970

ALL-AMERICAN SPORTPARK, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	88-0203976
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

6730 South Las Vegas Boulevard, Las Vegas, Nevada 89119
(Address of principal executive offices including zip code)

(702) 798-7777
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 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 [X] No [ ]

As of May 12, 2005, 3,400,000 shares of common stock were outstanding.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2005 AND DECEMBER 31, 2004

ASSETS

	2005	2004
	(Unaudited)	
Current assets:		
Cash	$ 22,571	$ 6,125
Accounts receivable	6,871	902
Prepaid expenses	26,919	11,626
Total current assets	56,361	18,653
Property and equipment, net of accumulated depreciation	1,017,954	1,034,033
Due from related entities	173,479	296,131
Other assets	126,302	1,367
Total assets	$ 1,374,096	$ 1,350,184

LIABILITIES AND SHAREHOLDERS' EQUITY DEFICIENCY

	2005	2004
Current liabilities:		
Current portion of notes payable to related entities	$ 441,528	$ 385,896
Current portion of other long-term debt	74,495	72,760
Interest payable to related entities	241,440	232,690
Accounts payable and accrued expenses	155,152	199,287
Total current liabilities	912,615	890,633
Notes payable to related entities, net of current portion	4,027,419	3,999,299
Other long-term debt, net of current portion	220,094	239,381
Interest payable to related entities	1,611,631	1,525,044
Due to related entities	695,279	640,556
Deferred income	-	13,104
Total liabilities	7,467,038	7,308,017
Minority interest in subsidiary	410,497	411,508
Shareholders' equity deficiency:		
Series B Convertible Preferred Stock, $.001 par value, no shares issued and outstanding	-	-
Common Stock, $.001 par value, 10,000,000		

shares authorized, 3,400,000 shares issued and outstanding at March 31, 2005, and December 31, 2004, respectively	3,400	3,400
Additional paid-in capital	11,462,882	11,462,882
Accumulated deficit	(17,969,721)	(17,835,623)
Total shareholders' equity deficiency	(6,503,439)	(6,369,341)
Total liabilities and shareholders' equity deficiency	$ 1,374,096	$ 1,350,184

The accompanying notes are an integral part of these consolidated financial statements.

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ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(UNAUDITED)

	2005	2004
Revenues	$ 542,499	$ 564,475
Cost of revenues	110,911	90,646
Gross profit	431,588	473,829
Operating expenses:		
Selling, general and administrative	438,100	448,656
Depreciation and amortization	16,079	18,540
Total operating expenses	454,179	467,196
Operating income (loss)	(23,591)	6,633
Other income (expense):		
Interest expense	(119,139)	(123,452)
Other income	6,621	169,734
Income (loss) before minority interest	(135,109)	52,915
Minority interest	1,011	(42,768)
Net income (loss)	$ (134,098)	$ 10,147
NET INCOME (LOSS) PER SHARE:		
Basic and diluted net income (loss) per share	$ (0.04)	$ (0.00)

The accompanying notes are an integral part of these consolidated financial statements.

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(UNAUDITED)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (134,098)	$ 10,147
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Minority interest	(1,011)	42,768
Depreciation and amortization	16,079	18,540
Changes in operating assets and liabilities:		
Increase in accounts receivable	(5,969)	(21,108)
Increase in prepaid expenses and other assets	(140,228)	13,246
Decrease in accounts payable and accrued expenses	(44,135)	(11,362)
Increase in interest payable to related entities	95,337	103,515
Decrease in deferred income	(13,104)	-
Net cash provided by (used in) operating activities	(227,129)	155,746
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of capital assets	-	22,702
Capital asset expenditures	-	(118,841)
Net cash used in investing activities	-	(96,139)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable to		

related entities	55,000	114,958
Principal payments on notes payable to related entities	(8,821)	(144,958)
Principal payments on other long-term debt	(17,552)	(6,944)
Increase (decrease) in due to related entities	214,948	(8,567)
Net cash provided by (used in) financing activities	243,575	(45,511)
NET INCREASE IN CASH	16,446	14,096
CASH, beginning of period	6,125	17,521
CASH, end of period	$ 22,571	$ 31,617
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 26,058	$ 24,698

The accompanying notes are an integral part of these consolidated financial statements.

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of All-American SportPark, Inc. ("AASP"), include the accounts of AASP and its 65% owned subsidiary, All-American Golf Center, Inc. ("AAGC"), (collectively the "Company"). All significant intercompany accounts and transactions have been eliminated. The operations of the Callaway Golf Center ("CGC") are included in AAGC.

The accompanying interim unaudited consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission relating to interim financial statements. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. In the opinion of management, all necessary adjustments have been made to present fairly, in all material respects, the financial position, results of operations and cash flows of the Company at March 31, 2005 and for all prior periods presented.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may require revision in future periods.

These consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004, from which the December 31, 2004, audited balance sheet information was derived.

2. INCOME (LOSS) PER SHARE AND SHAREHOLDER'S EQUITY DEFICIENCY

Basic and diluted income (loss) per share is computed by dividing the reported net income or loss by the weighted average number of common shares outstanding during the period. The weighted-average number of common and common equivalent shares used in the calculation of basic and diluted loss per share were 3,400,000 for the three-month periods ended March 31, 2005 and 2004.

3. RELATED PARTY TRANSACTIONS

The Company has transactions and relationships with (a) an entity owned by the Company Chairman that operates two wholly-owned golf retail stores in Las Vegas, Nevada (the "Paradise Store" and "Rainbow Store") and, (b) two other golf retail stores, both named Saint Andrews Golf Shop ("SAGS"), owned by the Company's President and his brother. One of the SAGS stores is the retail tenant in the CGC. The types of activities that are shared by these entities are advertising, payroll and employee benefits, warehouse rent, equipment leases, and miscellaneous office expenses. Costs are allocated to each entity based on relative benefits received. Amounts allocated to the Paradise Store, Rainbow Store and SAGS approximated $11,000 and $21,500 for the quarters ended March 31, 2005 and 2004, respectively.

4. GOING CONCERN MATTERS

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Historically, with some exceptions, the Company has incurred net losses. As of March 31, 2005, the Company had a working capital deficit of $856,254 and a shareholders' equity deficiency of $6,503,439.

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CGC has generated positive cash flow since 1998, which has diminished substantially in the current period and there is no assurance that it will continue.

AASP management believes that its operations, and existing cash balances as of March 31, 2005, may not be sufficient to fund operating cash needs and debt service requirements over the next 12 months. Management continues to seek other sources of funding, which may include Company officers or directors or other related parties. In addition, management continues to analyze all operational and administrative costs of the Company and has made and will continue to make necessary cost reductions as appropriate.

Among its alternative courses of action, management of the Company may seek out and pursue a business combination transaction with an existing private business enterprise that might have a desire to take advantage of the Company's status as a public corporation. There is no assurance that the Company will acquire a favorable business opportunity through a business combination. In addition, even if the Company becomes involved in such a business opportunity, there is no assurance that it would generate revenues or profits, or that the market price of the Company's common stock would be increased thereby.

Management continues to seek out financing to help fund working capital needs of the Company. In this regard, management believes that additional borrowings against the CGC could be arranged although there can be no assurance that the Company would be successful in securing such financing or with terms acceptable to the Company.

Property and equipment was evaluated for possible impairment and determined not be impaired as of December 31, 2004. The consolidated financial statements do not include any adjustments relating to the recoverability of assets and the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

5. RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform with current year presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following information should be read in conjunction with the Company's consolidated financial statements and related notes included in this report.

OVERVIEW

The Company's operations consist of the management and operation of the Callaway Golf Center ("CGC"). The CGC includes a par 3 golf course fully lighted for night golf, a 110-tee two-tiered driving range, a 20,000 square foot clubhouse which includes the CGC fitting center and two tenants: a retail store and a restaurant and bar. As discussed below it is currently seeking other business opportunities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company does not employ any accounting policies and estimates that are either selected from among available alternatives or require the exercise of significant management judgment to apply.

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 2005 AS COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2004

REVENUES. Revenues of the CGC for the three months ended March 31, 2005 decreased $21,976 or 3.9% to 542,499 from 564,475 reported for the same period in 2004. Golf lesson revenue increased from zero in 2004 to $44,922 in 2005 as a result of the CGC paying golf pros directly instead of contracting with a third party to provide lessons. As a result of the termination of its relationship, rental revenue from the third party decreased by $20,111. Green fees decreased by $25,071, driving range revenue decreased by $11,317, and group activities revenue decreased by $2,303, primarily due to increased rain days in Las Vegas during the first quarter over the same quarter a year ago.

COST OF REVENUES. Costs of revenues increased by $20,265 or 22.4% in 2005 as compared to 2004. Cost of revenue as a percentage of revenues was 20.4% in 2005 as compared to 16.1% in 2004. These increases are due mainly to the golf pros, who were paid $31,350 in 2005 compared to zero in 2004 due to the fact that during a portion of 2004 this service was outsourced to a third party. This arrangement ended in March 2004.

SELLING, GENERAL AND ADMINISTRATIVE. These expenses consist principally of administrative payroll, rent, professional fees and other corporate costs. These expenses decreased by a net total of $10,556 or 2.4% as compared to 2004. The following are major decreases in 2005 from 2004: payroll decreased $8,881 due to changes in the accounting department staffing as well as cuts in golf center staffing, advertising decreased $11,146; computer expenses decreased $2,154 as our new point-of-sale computer system is fully operational and additional expenses are no longer necessary; contracted services decreased $3,388 due to work being brought in-house; and audit and tax fees decreased $15,000. These decreases were offset by the following increases in 2005 from 2004: automobile expense $4,275, utilities $2,994 and bad debt expense of $24,764. The bad debt increase is a result of the merger of Sports Entertainment Enterprises, Inc. ("SPEN") with CKX, Inc. on February 7, 2005. The Company received 10,000 shares of SPEN stock as payment for all accounts receivable from SPEN. The market value of the SPEN shares received was $24,764 less than the amounts owed to us by SPEN.

OTHER INCOME AND EXPENSE. Other income and expense consists principally of interest income and expense and non-operating income. For the three months ended March 31, 2005, other income decreased $162,113 compared to the same period in 2004, primarily due to the receipt of an incentive from the Southern Nevada Water Authority ("SNWA") for the conversion of a portion of the golf course and driving range to drought tolerant (xeriscape) vegetation. Interest expense decreased $4,313 due to a forgiveness of debt in December 2004.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2005, the Company had a working capital deficit of $856,254 as compared to a working capital deficit of $871,980 at December 31, 2004. The CGC has generated positive cash flow since 1998, which has been used to fund corporate overhead that is in place in support of the CGC and public company operations. There is no assurance that it will continue to provide positive cash flow.

Management believes that the CGC operations and existing cash balances as of March 31, 2005, may not be sufficient to fund operating cash needs and debt service requirements over the next 12 months. In its report on the Company's annual financial statements for 2004, the Company's auditors expressed substantial doubt about the Company's ability to continue as a going concern.

In the first and third quarters of 2004, the CGC converted a portion of its driving range and golf course to a water-saving desert landscape known as "xeriscape." These conversion projects are expected to significantly reduce the future costs of landscape maintenance. Water usage is also expected to be significantly lower, however, due to water rate increases, the usage reductions are not expected to generate cost savings compared to historical cost.

Management continues to seek other sources of funding, which may include Company officers or directors or other related parties. In addition, management continues to analyze all operational and administrative costs of the Company and has made and will continue to make the necessary cost reductions as appropriate.

Among its alternative courses of action, management of the Company may seek out and pursue a business combination transaction with an existing private business enterprise that might have a desire to take advantage of the Company's status as a public corporation. At this time, management does not intend to target any particular industry but, rather, intends to judge any opportunity on its individual merits. Any such transaction would likely have a dilutive effect on the interests of the Company's stockholders that would, in turn, reduce each shareholders proportionate ownership and voting power in the Company. There is no assurance that the Company will acquire a favorable business opportunity through a business combination. In addition, even if the Company becomes involved in such a business opportunity, there is no assurance that it would generate revenues or profits, or that the market price of the Company's common stock would be increased thereby.

The Company has no commitments to enter into or acquire a specific business Opportunity; and therefore, is able to disclose the risks of a business or opportunity that it may enter into only in a general manner, and unable to disclose the risks of any specific business or opportunity that it may enter into. An investor can expect a potential business opportunity to be quite risky. Any business opportunity acquired may be currently unprofitable or present other negative factors.

Working capital needs have been helped by deferring payments of interest and notes payable balances due to a related entity. Management believes that additional deferrals or such payments can be negotiated, if necessary.

Management continues to seek out financing to help fund working capital needs of the Company. In this regard, management believes that additional borrowings against the CGC could be arranged although there can be no assurance that the Company would be successful in securing such financing or with terms acceptable to the Company.

SPECIAL CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this quarterly report contains statements that are forward-looking such as statements relating to plans for future expansion and other business development activities, as well as other capital spending and financing sources. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. These risks and uncertainties include, but are not limited to, those relating to dependence on existing management, leverage and debt service (including sensitivity to fluctuations in interest rates), domestic or global economic conditions, changes in federal or state tax laws or the administration of such laws, and changes in regulations and application for licenses and approvals under applicable jurisdictional laws and regulations.

ITEM 3. CONTROLS AND PROCEDURES

As of March 31, 2005, under the supervision and with the participation of the Company's Chief Executive Officer and Principal Financial Officer, management has evaluated the effectiveness of the design and operations of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2005. There have been no changes in internal control over financial reporting that occurred during the first quarter of the fiscal year covered by this report that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On September 12, 2000, the Company filed a complaint against Bentar Development, Inc. and Contractors Bonding & Insurance Company in the District Court of Clark County, Nevada, seeking damages for breach of contract, unjust enrichment, and license bond claim. Bentar Development, Inc. was the general contractor on the construction of the CGC. The Company settled the case in March 2003 with Bentar and all other involved parties, except for one subcontractor named Western Technologies. The settlement with Bentar resulted in the Company receiving $880,000 in cash. Subsequent to the settlement, the Company continued its suit against Western Technologies and was awarded a judgment against Western Technologies of $660,000 in March 2003. Western Technologies has appealed the judgment and the case is expected to be heard in June of 2005. Western Technologies was required to and did file a bond in the amount of the judgment to date, which is approximately $1,180,000 (including the judgment, interest, and attorneys fees).

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds. None.

Item 3. Defaults Upon Senior Securities. None

Item 4. Submission of Matters to a Vote of Security Holders. None.

Item 5. Other Information. None.

Item 6. Exhibits

31	Certification of Chief Executive Officer and Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith electronically

32	Certification of Chief Executive Officer and Principal Financial Officer Pursuant to Section 18 U.S.C. Section 1350	Filed herewith electronically

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALL-AMERICAN SPORTPARK, INC.

Date: May 12, 2005

By: /s/ Ronald S. Boreta

Ronald Boreta, President and
Chief Executive Officer(Principal
Executive Officer) and Treasurer
(Principal Financial Officer)