ALL AMERICAN SPORTPARK INC
Form 10QSB
May 15, 2008

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, 2008

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 [ ]

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

As of March 31, 2008 3,502,000 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
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2008 AND DECEMBER 31, 2007

ASSETS

	2008	2007
	(Unaudited)	
Current assets:		
Cash	$ 44,529	$ -
Accounts receivable	1,322	5,667
Prepaid expenses and other	14,110	5,473
Total current assets	59,961	11,140
Leasehold improvements and equipment, net	950,365	972,127
Due From related entities	-	-
Other Assets	412	-
Total assets	$ 1,010,738	$ 983,267

LIABILITIES AND SHAREHOLDERS' EQUITY DEFICIENCY

	2008	2007
Current liabilities:		
Bank overdraft	$ -	$ 53,473
Current portion of notes payable to related entities	5,127,948	5,205,504
Current portion of other long-term debt	48,266	71,558
Interest payable to related entities	3,077,466	2,957,454
Accounts payable and accrued expenses	201,628	193,159
Total current liabilities	8,455,308	8,481,148
Notes payable to related entities, net of current portion	119,205	121,035
Interest payable to related entities	34,167	31,666
Due to related entities	1,304,554	1,011,952
Deferred Rent Liability	682,981	681,887
Total liabilities	10,596,215	10,274,688
Minority interest in subsidiary	-	-
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, 3,502,000 shares issued and outstanding at March 31, 2008, and December 31, 2007, respectively	3,502	3,502
Additional paid-in capital	13,677,008	13,677,008
Accumulated deficit	(23,265,987)	(23,024,931)
Total shareholders' equity deficiency	(9,585,477)	(9,344,421)
Total liabilities and shareholders' equity deficiency	$ 1,010,738	$ 983,267

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

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(UNAUDITED)

	2008	2007
Revenues	$ 590,947	$ 546,908
Cost of revenues, excluding depreciation	151,042	132,707
Gross profit	439,905	414,201
Operating expenses:		
Selling, general and administrative	530,823	436,982
Depreciation and amortization	21,762	20,426
Total operating expenses	552,585	457,408
Operating loss	(112,680)	(43,207)
Other income (expense):		
Interest expense	(135,144)	(133,224)
Other income	6,768	132
Loss before minority interest	(241,056)	(176,299)
Minority interest	-	-
Net loss	$ (241,056)	$ (176,299)
NET LOSS PER SHARE:		
Basic and diluted net loss per share	$ (0.07)	$ (0.05)

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

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(UNAUDITED)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (241,056)	$ (176,299)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	21,762	20,426
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	4,345	1,065
(Increase) decrease prepaid expenses and other	(9,049)	(14,648)
(Decrease)increase in accounts payable and accrued expenses	8,469	(98,390)
Increase in interest payable to related entities	122,513	124,180
Increase (decrease) in deferred Expense	-	(2,500)
Increase in deferred rent liability	1,094	12,044
Net cash used in operating activities	(91,922)	(134,122)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in bank overdraft	(53,473)	-
Increase in due to related entities	292,602	41,403
Proceeds from notes payable to related entities	25,000	75,000
Principal payments on notes payable to related entities	(104,386)	(1,371)
Principal payments on other notes payable	(23,292)	(21,196)
Net cash provided by financing activities	136,451	93,836
NET INCREASE IN CASH	44,529	(40,286)
CASH, beginning of period	-	44,914
CASH, end of period	$ 44,529	$ 4,628
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 1,708	$ 3,804
Cash paid for taxes	$ -	$ -

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

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

1. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements of All-American SportPark, Inc. ("AASP" or the "Company"), 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 condensed 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 accounting principles generally accepted in the United States 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, 2008 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, 2007, from which the December 31, 2007, 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 numbers of common shares used in the calculation of basic and diluted loss per share were 3,502,000 for the three-month periods ended March 31, 2008 and 2007.

3. LEASES

The land underlying the Callaway Golf Center is leased by AAGC. The original lease expires in 2012 and the Company has exercised one of two five year renewal options extending the lease through 2017. Also, the lease has a provision for contingent rent to be paid by AAGC upon reaching certain levels of gross revenues. The CGC did not reach the gross revenues that would require the payment of contingent rent as of March 31, 2008. The lease has a corporate guarantee by AASP.

4. RELATED PARTY TRANSACTIONS

The Company provides administrative/accounting support for (a) The Company Chairman's two wholly-owned golf retail stores in Las Vegas, Nevada, (the "Paradise Store" and "Rainbow Store"), (b) three golf retail stores, two are

named Saint Andrews Golf Shop ("SAGS")and one is a Las Vegas Golf and Tennis, owned by the Company's President and his brother. Administrative/accounting payroll and employee benefits are allocated based on an annual review of the personnel time expended for each entity. Amounts allocated to these related parties by the Company approximated $30,663 and $55,558 for the three months ended March 31, 2008 and 2007, respectively. Related party interest expense was $135,144 and $133,224 for the three months period ending March 31, 2008 and 2007.

5. LEGAL MATTERS

In December 2005, the Company commenced an arbitration proceeding before the American Arbitration Association against Urban Land of Nevada ("Urban Land") seeking reimbursement of the $800,000 paid in settlement of the Sierra SportService matter plus fees and costs pursuant to the terms of the Company's agreements with Urban Land which owns the property on which the CGC is located. Urban Land filed a counterclaim against the Company seeking to recover damages related to back rent allegedly owed by Company of approximately $600,000. In addition, Urban land claims the Company misused an alleged $880,000 settlement related to construction defects lawsuits. An arbitrator has been appointed in the American Arbitration Association and arbitration is scheduled for July 2008.

Urban land has also filed another lawsuit against the Company and claims against other parties in the arbitration proceeding. The claims against the Company remain essentially identical to the claims above. The other parties include, among others, Ronald S. Boreta, the President of the Company; Vaso Boreta, Chairman of the Board of the Company; and Boreta Enterprise, Ltd., a principal shareholder of the Company. The other party claims allege that the Company and others defrauded otherwise injured Urban Land in connection with Urban Land entering into certain agreements in which the Company is a party. The Company has filed a motion to dismiss against the plaintiff's claims in this lawsuit but the Court provided the plaintiff with a limited amount of discovery. The discovery process began in 2007 and depositions were taken in September. The hearing before the American Arbitration Association is scheduled for July 2008.

On February 10, 2006, Urban Land filed a notice of default on the CGC ground lease claiming that certain repairs to the property had not been performed or documented. The Company filed a lawsuit in the Eighth Judical District Court of Clark County Nevada to prevent Urban Land from declaring the Company in default of its lease. The claims in the notice of default have been added to the above arbitration proceeding. A Summary Judgment was awarded to the Company in February 2008 in this proceeding. Urban Land has requested that the court review the decision and a hearing on that matter is scheduled for July 14, 2008.

6. 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, 2008, the Company had a working capital deficit of $8,395,347 and a shareholders' equity deficiency of $9,585,477. CGC did not generate a positive cash flow before corporate overhead that is in place to support of the CGC and public company operations and interest expense.

Management believes that its operations, and existing cash balances as of March 31, 2008 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 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. 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.

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.

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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, and a 20,000 square foot clubhouse which includes the Callaway Golf fitting center. Also located within the clubhouse are two sub-leased spaces. The first is occupied by the Saint Andrews Golf Shop retail store. The other space was for a restaurant and bar that was unoccupied as of the beginning of 2006. A lease was signed with a new tenant on January 25, 2006 and the restaurant re-opened in February 2006. The lease was for an initial one-year period. The Company and the tenant agreed to extend the lease for an additional one-year term through January 2009.

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 2008 AS COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2007.

REVENUES. Revenues of the Callaway Golf Center ("CGC") for the three months ended March 31, 2008 increased $44,039 or 8.1% to $590,947 from $546,908. The increase in revenues is attributed to an increase in golf course green fees, driving range and golf club. Driving range business increased by $25,000 as compared to the three months ended in March 2007. Golf course green fees increased by $9,000 to $178,000 in 2008 from $169,000 in 2007 due to an increase in business. Golf cart rentals were flat year-to-year from $50,000 to $48,500 for the three months ending March 31, 2008 compared to the same period in 2007. Golf lesson fees were also flat at $50,970 in 2008 compared to $50,520 in 2007. Golf club rentals increased by $5,286 to $32,051 for the three months ended in March 31, 2008 compared to $26,765 for the three months ended in March 2007 due to the increased level of business.

COST OF REVENUES. Cost of revenues consists mainly of commissions paid to the golf instructors, the payroll and benefits expenses of Golf Center staff, and operating supplies. Cost of revenues increased by $18,335 to $151,042 from $132,707 for the same period in the prior year. Commissions paid to golf instructors increased by $5,391 from $38,137 in 2008 to $32,746 in 2007 due directly to increased golf lesson fees incurred in the first quarter. In February 2008, a $21,725 purchase of new range balls for the course increased golf operating supplies to $26,000 in 2008 as compared to $3,320 in 2007.

SELLING, GENERAL AND ADMINISTRATIVE. These expenses consist principally of landscaping services and professional fees, ground lease, utilities, insurance and administrative payroll. These expenses increased by $93,841 to $530,823 for the three months ending March 31, 2008 as compared to $436,982 during the same period in 2007. An increase was seen in two areas: legal expenses for the Urban Land litigation of $70,000, and occupancy costs for $24,000 due to an increase in the land lease.

OTHER INCOME AND EXPENSE. Other income and expense consists principally of interest expense and non-operating income. For the three months ended March 31, 2008 there was an increased in interest expense of $1,920 as compared to the same period in 2007 due to additional borrowings from affiliated stores to fund operations.

NET LOSS. The net loss before minority interest for the three months ending September 30, 2007 was $241,056 compared to a net loss of $176,299 in the prior year. The increase in the net loss of $64,757 is primarily due the increase in legal expenses for the Urban Land litigation.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2008, the Company had a working capital deficit of $8,395,347 as compared to a working capital deficit of $8,470,008 at December 31, 2007. The CGC did not generate a positive cash flow before corporate overhead.

Management believes that the CGC operations and existing cash balances as of March 31, 2008, 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 2007, the Company's auditors expressed substantial doubt about the Company's ability to continue as a going concern.

The Company anticipates that the Town Square project will continue to increase traffic flow in the area of the golf center, which expected to result in increased revenues for the golf center. The Town Square is a 1.5 million square foot super regional lifestyle center with a mix of retail, dining and office space that is being developed across the street from the golf center. In addition, the continued aggressive level of growth at the south end of the Las Vegas strip is expected to draw more local and tourist business to the golf center.

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 an Affiliate. 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, 2008, 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, 2008.

There have been no changes in internal control over financial reporting that occurred during the period 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.

In December 2005, the Company commenced an arbitration proceeding before the American Arbitration Association against Urban Land of Nevada ("Urban Land") seeking reimbursement of the $800,000 paid in settlement of the Sierra SportService matter plus fees and costs pursuant to the terms of the

Company's agreements with Urban Land which owns the property on which the CGC is located. Urban Land filed a counterclaim against the Company seeking to recover damages related to back rent allegedly owed by Company of approximately $600,000. In addition, Urban land claims the Company misused an alleged $880,000 settlement related to construction defects lawsuits. An arbitrator has been appointed in the American Arbitration Association and arbitration is scheduled for July 2008.

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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

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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 15, 2008

By:/s/ Ronald Boreta
Ronald Boreta, President and
Chief Executive (Officer
Principal Executive Officer) and
Treasurer (Principal Financial Officer)