ALL AMERICAN SPORTPARK INC
Form 10-Q
May 14, 2012

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

**FORM 10-Q**

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

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

Commission file number 000-24970

# ALL-AMERICAN SPORTPARK, INC.

(Exact name of registrant as specified in its charter)

| **Nevada** | **88-0203976** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**6730 South Las Vegas Boulevard**
**Las Vegas, NV 89119**
(Address of principal executive offices)

**(702) 798-7777**
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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. Yesx No¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yesx 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ¨ | Accelerated filer ¨ |
| Non-accelerated filer ¨<br>(Do not check if a smaller reporting company) | Smaller reporting company x |

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

The number of shares of Common Stock, $0.001 par value, outstanding on May 10, 2012 was 4,522,123 shares.

# ALL-AMERICAN SPORTPARK, INC.

## FORM 10-Q

## INDEX

## PART 1 – FINANCIAL INFORMATION

### ITEM 1 FINANCIAL STATEMENTS ALL-AMERICAN SPORT PARK , INC.

### CONDENSED CONSOLIDATED BALANCE SHEETS

| | March 31, 2012 (unaudited) | December 31, 2011 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 45,700 | $ 1,900 |
| Accounts receivable | 150 | 2,807 |
| Prepaid expenses and other | 10,817 | 107,472 |
| Total current assets | 56,667 | 112,179 |
| Property and equipment, net of accumulated depreciation of $857,999 and $856,025, as of 2012 and 2011, respectively | 790,812 | 693,364 |
| Total Assets | $ 847,479 | $ 805,543 |
| **Liabilities and Stockholders' (Deficit)** | | |
| Current liabilities: | | |
| Checks issued in excess of available funds | $ - | $ 29,184 |
| Accounts payable and accrued expenses | 132,289 | 160,469 |
| Current portion of notes payable - related parties | 4,279,495 | 4,184,494 |
| Current portion due to related parties | 1,423,409 | 1,370,830 |
| Current portion of capital lease obligation | 32,003 | 31,027 |
| Accrued interest payable - related party | 4,657,373 | 4,550,848 |
| Total current liabilities | 10,524,569 | 10,326,852 |
| Long-term liabilities: | | |
| Long-term portion of capital lease obligation | 33,273 | 41,640 |
| Deferred rent liability | 700,257 | 699,435 |
| Total long-term liabilities | 733,530 | 741,075 |

| | | |
|---|---|---|
| Commitments and Contingencies | | |
| Stockholder's (deficit): | | |
| Preferred stock, Series "B", $0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively | - | - |
| Common stock, $0.001 par value, 50,000,000 shares authorized, 4,522,123 and 4,522,123 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively | 4,522 | 4,522 |

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| | | |
|---|---|---|
| Additional paid-in capital | 14,387,972 | 14,387,972 |
| Accumulated (deficit) | (25,149,800 ) | (24,976,480 ) |
| Total All-American SportPark, Inc. stockholders' (deficit) | (10,757,306 ) | (10,583,986 ) |
| Non-controlling interest in net assets of subsidiary | 346,686 | 321,592 |
| Total stockholders' deficit | (10,410,620 ) | (10,262,394 ) |
| Total Liabilities and Stockholders' (Deficit) | $ 847,479 | $ 805,543 |

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

**ALL-AMERICAN SPORTPARK, INC.**
**Condensed Consolidated Statements of Operations**
**(Unaudited)**

| | For the Three Months Ending March 31, | |
|---|---|---|
| | **2012** | **2011** |
| Revenue | $ 524,364 | $ 449,973 |
| Revenue - related party | 39,312 | 39,312 |
| Total revenue | 563,676 | 489,285 |
| Cost of revenue | 199,399 | 193,162 |
| Gross profit | 364,277 | 296,123 |
| Expenses: | | |
| General and administrative expenses | 349,407 | 329,930 |
| Depreciation and amortization | 29,443 | 26,121 |
| Total expenses | 378,850 | 356,051 |
| Net operating (loss) | (14,573 ) | (59,928 ) |
| Other income (expense): | | |
| Interest expense | (135,326 ) | (123,293 ) |
| Other expense | - | (147 ) |
| Gain on property and equipment | 1,673 | - |
| Total other income (expense) | (133,653 ) | (123,440 ) |
| Net (loss) before provision for income tax | (148,226 ) | (183,368 ) |
| Provision for income tax expense | - | - |
| Net (loss) | (148,226 ) | (183,368 ) |
| Net income attributable to non-controlling interest | 25,094 | 1,289 |
| Net (loss) attributable to All-American SportPark, Inc. | $ (173,320 ) | $ (184,657 ) |
| Net loss per share – basic and fully diluted | $ (0.03 ) | $ (0.04 ) |

| | | |
|---|---|---|
| Weighted average number of common shares outstanding - basic and fully diluted | 4,522,123 | 4,522,123 |

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

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**ALL-AMERICAN SPORTPARK, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | For the Three Months Ending March 31, | |
|---|---|---|
| | **2012** | **2011** |
| **Cash flows from operating activities** | | |
| Net (loss) | $ (148,226 ) | $ (183,368 ) |
| Adjustments to reconcile net loss to net cash (used) in operating activities: | | |
| Depreciation and amortization expense | 29,443 | 26,121 |
| Gain on disposal of property and equipment | (1,673 ) | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 2,657 | 20 |
| Prepaid expenses and other | 6,655 | (7,866 ) |
| Checks issued in excess of available funds | (29,184 ) | - |
| Accounts payable and accrued expenses | (28,180 ) | (39,972 ) |
| Deferred rent liability | 822 | 1,097 |
| Accrued interest payable - related party | 106,525 | 102,274 |
| Net cash used by operating activities | (61,161 ) | (101,694 ) |
| **Cash flows from investing activities** | | |
| Proceeds from sale on property and equipment | 1,675 | - |
| Purchase of property and equipment | (36,893 ) | (2,805 ) |
| Net cash used by investing activities | (35,218 ) | (2,805 ) |
| **Cash flows from financing activities** | | |
| Proceeds from related parties | 52,579 | 145,749 |
| Payment on capital lease obligation | (7,401 ) | (5,519 ) |
| Proceeds from notes payable – related parties | 95,001 | - |
| Payments on notes payable - related party | - | (2,124 ) |
| Net cash provided by financing activities | 140,179 | 138,106 |
| Net increase in cash | 43,800 | 33,605 |
| Cash - beginning | 1,900 | 10,647 |
| Cash - ending | $ 45,700 | $ 44,252 |

Supplemental disclosures:

| | | | | |
|---|---|---|---|---|
| Interest paid | $ | - | $ | 140 |
| Income taxes paid | $ | - | $ | - |
| Supplemental disclosure of non-cash investing activities | | | | |
| Cash payment for equipment in prior year | $ | 90,000 | $ | - |

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

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**ALL-AMERICAN SPORTPARK, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Unaudited)

**Note 1 – Basis of presentation**

The condensed consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by All-American SportPark, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2011 and notes thereto included in the Company's Form 10-K. The Company follows the same accounting policies in the preparation of consolidated interim reports.

Results of operations for interim periods may not be indicative of annual results.

Certain reclassifications have been made in prior periods' financial statements to conform to classifications used in the current period.

**Note 2 – Going concern**

As of March 31, 2012, we had an accumulated deficit of $25,149,800. In addition, the Company's current liabilities exceed its current assets by $10,467,902 as of March 31, 2012. These conditions have raised substantial doubt about the Company's ability to continue as a going concern. Although our recent growth has greatly improved cash flows, we nonetheless need to obtain additional financing to fund payment of obligations and to provide working capital for operations. Management is seeking additional financing, and is now looking for a merger or acquisition candidate. It is management's objective to review the acquisition of interests in various business opportunities, which in their opinion will provide a profit to the Company. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and working capital needs. There is no assurance any of these transactions will occur. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

**Note 3 – Recent accounting Policies**

On January 1, 2012, changes were issued by the Financial Accounting Standards Board (FASB) to conform existing guidance regarding fair value measurement and disclosure between GAAP and International Financial Reporting Standards. These changes both clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and amend certain principles or requirements for measuring fair value or for disclosing information about fair value measurements. The clarifying changes relate to the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and disclosure of quantitative information about unobservable inputs used for Level 3 fair value measurements. The amendments relate to measuring the fair value of financial instruments that are managed within a portfolio; application of premiums and discounts in a fair value measurement; and additional disclosures concerning the valuation processes used and sensitivity of the fair value measurement to changes in unobservable inputs for those items categorized as Level 3, a reporting entity's use of a nonfinancial asset in a way that differs from the asset's highest and best use, and the categorization by level in the fair value hierarchy for items required to be measured at fair value for disclosure purposes only. Other than the additional disclosure requirements, the adoption of these changes had no impact on the Consolidated Financial Statements.

On January 1, 2012, the FASB issued changes to the presentation of comprehensive income. These changes give an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements; the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity was eliminated. The items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income were not changed. Additionally, no changes were made to the calculation and presentation of earnings per share. Management elected to present the two-statement option. Other than the change in presentation, the adoption of these changes had no impact on the Consolidated Financial Statements.

In December 2011, the Financial Accounting Standards Board ("FASB") released Accounting Standards Update No. 2011-10 ("ASU 2011-10"), *Property, Plant and Equipment (Topic 360): Derecognition of in Substance Real Estate—a Scope Clarification (a consensus of the FASB Emerging Issues Task Force).* ASU 2011-10 clarifies when a parent (reporting entity) ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt, the reporting entity should apply the guidance for Real Estate Sale (Subtopic 360-20). The provisions of ASU 2011-10 are effective for public companies for fiscal years and interim periods within those years, beginning on or after June 15, 2012. When adopted, ASU 2011-10 is not expected to materially impact the consolidated financial statement.

**Note 4 – Non controlling interest**

Non-controlling interest represents the minority stockholders' proportionate share of the equity of All-American Golf Center ("AAGC') which is a 51% owned subsidiary of the Company. At March 31, 2012, we owned 51% of AAGC's capital stock, representing voting control and a majority interest. Our controlling ownership interest requires that AAGC's operations be included in the Condensed Consolidated Financial Statements contained herein. The 49% equity interest that is not owned by us is shown as "Non-controlling interest in consolidated subsidiary" in the Condensed Consolidated Statements of Operations and Condensed Consolidated Balance

Sheets. As of March 31, 2012, St. Andrews Golf Shop, our minority interest partner and a related party held a $346,686 interest in the net asset value of our subsidiary AAGC and a $25,094 interest in the net income from operations of AAGC.

**Note 5 – Related party transactions**

*Due to related parties*

The Company’s employees provide administrative/accounting support for (a) three golf retail stores, one of which is named Saint Andrews Golf Shop ("SAGS") and the other two Las Vegas Golf and Tennis ("District Store") and Las Vegas Golf and Tennis Superstore (“Westside”), owned by the Company's President and his brother. The SAGS store is the retail tenant in the CGC.

Administrative/accounting payroll and employee benefits expenses 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 $22,892 and $20,648 for the three months ended March 31, 2012 and 2011, respectively. The Company records this allocation by reducing the related expenses and allocating them to the related parties.

In addition to the administrative/accounting support provided by the Company to the above stores, the Company received funding for operations from these and various other stores owned by the Company’s President, his brother, and Chairman. These funds helped pay for office supplies, phone charges, postages, and salaries. The net amount due to these stores totaled $1,423,409 and $1,370,830 as of March 31, 2012 and December 31, 2011, respectively. The amounts are non-interest bearing and due out of available cash flows of the Company. Additionally, the Company has the right to offset the administrative/accounting support against the funds received from these stores.

Both the Company’s President and his brother have continued to defer half of their monthly salaries until the Company is in a more positive financial state. The amounts deferred for first quarter 2012 are $15,000 and $9,375, respectively.

*Notes and Interest Payable to Related Parties:*

The Company has various notes and interest payable to the following entities as of March 31, 2012, and December 31, 2010, respectively:

| | | 2011 | | 2010 |
|---|---|---|---|---|
| Various notes payable to the Paradise Store bearing 10% per annum and due on demand | $ | 3,200,149 | $ | 3,200,149 |
| Note payable to BE Holdings 1, LLC, owned by the chairman of the board, bearing 10% per annum and due on demand | | 100,000 | | 100,000 |
| Various notes payable to SAGS, bearing 10% per annum and due on demand | | 693,846 | | 693,846 |
| Various notes payable to the District Store, bearing 10% per annum and due on demand | | 85,000 | | 85,000 |
| Note payable to BE, III bearing 10% per annum and due on demand | | 200,500 | | 105,500 |
| | | ------------- | | ------------- |
| Total | $ | 4,279,495 | $ | 4,184,495 |
| | | ========= | | ========= |

All maturities of related party notes payable and the related accrued interest payable as of March 31, 2012 are due and payable upon demand. At March 31, 2012, the Company has no loans or other obligations with restrictive debt or similar covenants.

On June 15, 2009, the Company entered into a “Stock Transfer Agreement” with St. Andrews Golf, Ltd. a Nevada limited liability company, which is wholly-owned by Ronald Boreta, our chief executive officer and John Boreta, a principal shareholder of the Company. Pursuant to this agreement, we agreed to transfer a 49% interest in our wholly owned subsidiary, AAGC as a partial principal payment in the amount of $600,000 on the Company’s outstanding loan due to St. Andrews Golf Shop, Ltd. In March 2009, the Company engaged the services of an independent third party business valuation firm, Houlihan Valuation Advisors, to determine the fair value of the business and the corresponding minority interest. Based on the Minority Value Estimate presented in connection with this appraisal, which included valuations utilizing the income, market and transaction approaches in its valuation methodology, the fair value of a 49% interest totaled $ 600,000.

As of March 31, 2012 and December 31, 2011, accrued interest payable - related parties related to the notes payable – related parties totaled $4,657,373and $4,550,848, respectively .

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*Lease to SAGS*

The Company subleases space in the clubhouse to SAGS. Base rent includes $13,104 per month through July 2012 with a 5% increase for each of two 5-year options to extend in July 2012 and July 2017. For the three month ending March 31, 2012 and 2011, the Company recognized rental income totaling $39,312 and $39,312, respectively.

**Note 6 – Commitments**

*Lease agreements*

The land underlying the CGC is leased under an operating lease that expires in 2012 and has two five-year renewal options. In March 2006, the Company exercised the first of two options, extending the lease to 2018. Also, the lease has a provision for contingent rent to be paid by AAGC upon reaching certain levels of gross revenues. The Company recognizes the minimum rental expense on a straight-line basis over the term of the lease, which includes the two five year renewal options.

At March 31, 2012, minimum future lease payments under non-cancelable operating leases are as follows:

| | | |
|---|---|---|
| 2012 | $ | 408,596 |
| 2013 | | 529,840 |
| 2014 | | 529,840 |
| 2015 | | 529,840 |
| 2016 | | 529,840 |
| Thereafter | $ | 3,035,369 |
| | $ | 5,563,325 |

Total rent expense for this operating lease was $121,244 and $121,515 for the three months ended March 31, 2012 and 2011.

*Capital Lease*

The Company entered into a capital lease for new Club Car gas powered golf carts. The lease is 47 months in length and started on March 1, 2010. The Company pays $2,612 a month in principal and interest expense related to the lease.

The Company entered into a capital lease for a new telephone system during the third quarter of 2011. The lease is 36 months in length and started in July of 2011. The Company pays $642 a month in principal and interest expense related to the lease.

The following is a schedule by year of future minimum payments required under these lease agreements.

| | | |
|---|---|---|
| 2012 | $ | 28,854 |
| 2013 | | 38,471 |
| 2014 | | 6,767 |
| Total payments | | 74,092 |
| Less interest | | (8,816 ) |
| Total principal | | 65,276 |
| Less current portion | | (32,003 ) |
| Long-term portion | $ | 33,273 |

Accumulated depreciation for the capital leases as of March 31, 2012 and December 31, 2011 was $56,880 and $49,154, respectively.

*Customer Agreement*

On June 19, 2009, the Company entered into a “Customer Agreement” with Callaway Golf Company (“Callaway”) and St. Andrews Golf Shop, Ltd. (“SAGS”) through our majority owned subsidiary AAGC. Pursuant to this agreement, AAGC shall expend an amount equal to or exceeding $250,000 for marketing and promotion of Callaway for a period of approximately three and one half years with an automatic extension to December 31, 2018 unless written notice of termination is received by November 2013. Additionally, pursuant to the Customer Agreement AAGC has expended amounts to improve both its range facility as well as the golfing center. These improvements include Callaway Golf® branding elements. Callaway agreed to provide funding and resources in the minimum amount of $2,750,000 to be allocated as follows: 1) $750,000 towards operating expenses of AAGC; 2) $750,000 towards facility improvements for both AAGC and St. Andrews Golf Shop; 3) $500,000 in range landing area improvements of AAGC and 4) three payments each of $250,000 for annual advertising expenses paid by AAGC, which will be repaid in golf merchandise to SAGS. AAGC will then be reimbursed by SAGS for AAGC’s expenditures in advertising as incurred. Due to the fact that SAGS is a related party, the Company is also considered a customer of Callaway as it relates to the Customer Agreement. As a result, we recognized the contributions from Callaway as follows:

Contribution of operating expenses totaling $750,000 (received July 2009) was treated as a reduction of operating expenses and therefore reduced our “General and administrative” expense by that amount.

Contribution of range and other facility improvements totaling $554,552 were recorded as a reduction of the costs for those improvements. The contributions, which were made directly by Callaway to the applicable contractors and vendors completing the work, were exactly equal to the costs and therefore, no value as been recorded for these improvements.

The annual payments for advertising began in 2010 and will continue as long as Callaway, AAGC and SAGS agree to maintain the agreement through the term of the Customer Agreement in December 2018. Such contributions from Callaway of up to $250,000 annually will be recorded as a reduction of the Company’s costs for the related advertising. Additionally, the contributions are to be paid to SAGS in the form of golf related products. SAGS will then reimburse AAGC in monies as the related golf products are received. During the three months ending March 31, 2012 and 2011, SAGS reimbursed AAGC $111 and $22,849, respectively.

**Note 7 – Stockholders' deficit**

We are authorized to issue 50,000,000 shares of $0.001 par value preferred stock and 10,000,000 shares of $0.001 par value common stock.

*Preferred stock*

As of March 31, 2012, we had no preferred shares issued and outstanding.

*Common stock*

As of March 31, 2012, we had 4,522,123 shares of our $0.001 par value common stock issued and outstanding. We had no new issuances during the period ended March 31, 2012.

**Note 8 – Subsequent Events**

Upon our evaluation of events and transactions that have occurred subsequent to the balance sheet date, we had paid a deposit during the fourth quarter of 2011 to have the lake area drained and new landscaping put in on our course. That project continues and we expect to receive approval from the Las Vegas Valley Water Authority by the end of May 2012. We expect to receive a rebate from the authority for water conservation after such approval of about $42,000.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .

**Forward-Looking Statements**

This document contains "forward-looking statements." All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words "may," "could," "estimate," "intend," "continue," "believe," "expect" or "anticipate" or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. You should, however, consult further disclosures we make in future filings of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors affecting these risks and uncertainties include, but are not limited to:

- increased competitive pressures from existing competitors and new entrants;
- deterioration in general or regional economic conditions;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- loss of customers or sales weakness;
- inability to achieve future sales levels or other operating results;
- the inability of management to effectively implement our strategies and business plans; and
- the other risks and uncertainties detailed in this report.

**Overview of Current Operations**

On June 19, 2009, the Company entered into a “Customer Agreement” with Callaway Golf Company (“Callaway”) and St. Andrews Golf Shop, Ltd. (“SAGS”) through our majority owned subsidiary AAGC. Pursuant to this agreement, AAGC shall expend an amount equal to or exceeding $250,000 for marketing and promotion of Callaway for a period of approximately three and one half years with an automatic extension to December 31, 2018 unless written notice of termination is received by November 2013. Additionally, AAGC will expend amounts to improve both their range facility as well as the golfing center. These improvements are to include Callaway Golf® branding elements. Callaway has agreed to provide funding and resources in the minimum amount of $2,750,000 to be allocated as follows: 1) $750,000 towards operating expenses of AAGC; 2) $750,000 towards facility improvements for both AAGC and St. Andrews Golf Shop; 3) $500,000 in range landing area improvements of AAGC and 4) three payments each of $250,000 for annual advertising expenses paid by AAGC, which will be repaid in golf related products to SAGS. AAGC will then be reimbursed by SAGS for AAGC’s expenditures in advertising as incurred. In substance, due to the related party nature of SAGS, the Company is also considered a customer of Callaway as it relates to this agreement. As a result, we recognized the contributions from Callaway as follows:

- Contribution of operating expenses totaling $750,000 (received July 2009) was treated as a reduction of operating expenses and therefore reduced our “General and administrative” expense by that amount during 2009.
- Contribution of range and other facility improvements totaling $554,552 were recorded as a reduction of the costs for those improvements. The contributions, which were made directly by Callaway Golf Company to the applicable contractors and vendors completing the work, were exactly equal to the costs and therefore, no value as been recorded for these improvements.

The annual payments for advertising began in 2010 and will continue as long as Callaway, AAGC and SAGS agree to maintain the agreement through the term of the Customer Agreement in December 2018. Such contributions from Callaway of up to $250,000 annually will be recorded as a reduction of the Company’s costs for the related advertising. Additionally, the contributions are to be paid to SAGS in the form of golf related products. SAGS will then reimburse AAGC in the form of monies as the as the related golf products are received. On January 25, 2011, The 305 Group leased the restaurant lease at the Callaway Golf Center. They have renamed the restaurant The Upper Deck Grill and Sports Lounge. The tenant remodeled the entire restaurant space and opened to the public on April 28, 2011. They now offer fresh made foods for the restaurant and bar. The tenant is paying $4,000 a month in rent increasing by 4% each month and potential percentage rent could be paid if the tenant's sales reach certain levels.

**Results of Operations for the three months ended March 31, 2012 and 2011 compared.**

The following tables summarize selected items from the statement of operations for the three months ended March 31, 2012 compared to the three months ended March 31, 2011.

**INCOME:**

| | For the three months ended March 31, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2012** | **2011** | **$** | **%** |
| Revenue | $ 524,364 | $ 449,973 | 74,391 | 16.53 % |
| Revenue – Related Party | 39,312 | 39,012 | - | 0 % |
| Cost of Sales | 199,399 | 193,162 | 6,237 | 3.23 % |
| Gross Profit | $ 364,277 | $ 296,123 | 68,154 | 23.02 % |
| Gross Profit Percentage of Sales | 64.63 % | 60.52 % | | |

**Revenue**

Our revenue for the three months ended March 31, 2012 was $524,364 compared to $449,973 in the three months ended March 31, 2011, an increase of $74,391, or 16.53%. Revenues were up in the first quarter due to our offering a "Play All Day" package, and our continued participation in the Groupon® advertising programs that offered customers discounted play at the Callaway Golf Center (“CGC”) which could be used over a six-month period. However, the revenue from the sales of these packages is deferred until the end of the promotion. We realized revenue from Groupon® promotions of $20,485 during the quarter ended March 31, 2012 as compared to $35,952 during first quarter of 2011. We currently have no additional Groupon® specials running as of the date of this report.

Revenue-Related Party for the three months ended March 31, 2012 was $39,312, – which is the same as the three months ended March 31, 2011.

**Cost of Sales/Gross Profit Percentage of Sales**

Cost of sales currently consists mainly of payroll and benefits expenses of the AAGC staff, and operating supplies. Our cost of sales for the three months ended March 31, 2012 was $199,399, an increase of $6,237 or 3.23% from $193,162 for the three month period ending March 31, 2011. The increase is due to the golf season beginning earlier this year, which resulted in additional staffing and landscaping needs.

Gross profit as a percentage of sales increased to 65%, for the three months ended March 31, 2012. Gross profit as a percentage of sales was 61% for the three months ended March 31, 2011. This increase is due to increased revenue due to an early golf season attributable to a mild winter.

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**EXPENSES:**

| | For the Three Months Ending March 31, | | Increase (Decrease) | |
|---|---|---|---|---|
| | 2012 Amount | 2011 Amount | $ | % |
| Expenses: | | | | |
| General and administrative expenses | $ 349,407 | $ 329,930 | 19,477 | 5.90 % |
| Depreciation and amortization | 29,443 | 26,121 | 3,322 | 12.72 % |
| Total expenses | 378,850 | 356,051 | 22,799 | 6.40 % |
| Income from operations | (14,573 ) | (59,928 ) | 45,355 | 75.68 % |
| Other income (expense): | | | | |
| Interest expense | (135,326 ) | (123,293 ) | (12,033 ) | (9.76 )% |
| Interest income | - | (147 ) | | 0 % |
| Gain on property and equipment | 1,673 | - | 1,673 | 0 % |
| Other income (expense) | - | - | - | 0 % |
| Total other income (expense) | (133,653 ) | (123,440 ) | (10,213 ) | 8.27 % |
| Net (loss) | (148,226 ) | (183,368 ) | 35,142 | 80.84 % |
| Net income (loss) attributable to non-controlling interest | 25,094 | 1,289 | 23,805 | 2046.78 % |
| Net loss attributable to All-American SportPark, Inc. | (173,320 ) | (184,657 ) | 11,337 | 93.86 % |
| Total net income (loss) | $ (0.03 ) | $ (0.04 ) | | |

**General and Administrative Expenses**

General and administrative expenses for the three months ended March 31, 2012 were $349,407, an increase of $19,477 or 5.90%, from $329,930 for the three months ended March 31, 2011. Expenses were slightly higher in the first quarter of 2012 due to payments made on the construction of the lake and installation of new pumps for that project. This project should be completed in 2nd quarter 2012.

Depreciation and amortization expenses for the three months ended March 31, 2012 were $29,443, an increase of $3,322, or 12.72% from $26,121 for the three months ended March 31, 2011. The increase in depreciation is a result of the addition of a telephone system capital lease.

**Total Expenses**

Our overall operating expenses increased to $378,850 for the three months ended March 31, 2012 as compared to $356,051 for the three months ended March 31, 2011. The increase in total

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expenses was $22,799 or 6.40 % and was primarily due to the payments made to modify the lake.

**Net Loss from Operations**

We had a net loss from operations of $14,573 for the three months ended March 31, 2012 as compared to a net loss from operations of $59,928 for the three months ended March 31, 2011 a decrease in loss of 45,355 or 75.68%. The decrease in net loss from operations was due to business trending up this quarter as a result of our offering a “Play all Day” package and the Group-On revenue offers continuing in this quarter.

**Interest Expense**

Our interest expense increased by 9.76% or $12,033 from $123,293 for the three months ended March 31, 2011 to $135,326 for the three months ended March 31, 2012. The difference is due to continued growth of interest due on various leases and loans.

**Net Loss**

The net loss for the three months ended March 31, 2012 was $148,226 (before non-controlling interest) as compared with net loss of $183,368 for the same period in 2011. This is a decrease of 19.16% from the same period in 2011. The reduced loss was due to our “Play all Day” and Groupon® promotions during 2012.

The net loss attributable to non-controlling interest for the first quarter of 2012 was $25,094 as compared to $1,289 for the same period in 2011. That resulted in net loss attributable to All-American Sport Park of $173,320 for 2012 as compared to $184,657 a decrease of $11,337 or 6.14 %.

**Liquidity and Capital**

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate generating sufficient positive internal operating cash flow until such time as we can deliver our product to market, complete additional financial service company acquisitions, and generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary financing, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

The following table summarizes our current assets, liabilities, and working capital at March 31, 2012 compared to December 31, 2011.

| | March 31, 2012 | December 31, 2011 | Increase / (Decrease) $ | % |
|---|---|---|---|---|
| Current Assets | 56,667 | 112,179 | (55,512 ) | 50.5 % |
| Current Liabilities | 10,524,569 | 10,326,852 | (197,717 ) | 98.1 % |
| Working Capital Deficit | $ 10,467,902 | $ 10,214,673 | | |

***Internal and External Sources of Liquidity***

*Cash Flow* . Since inception, we have primarily financed our cash flow requirements through related party debt transactions. If that source of funding is eliminated it may have a material, adverse effect on our operations. We are currently operating at a loss but with positive cash flow because of deferring related party payables and interest payments. Though this has allowed us to currently minimize the deferral of our payables, we continue to depend on this source of financing. Should we lose our ability to defer those payables, without a return to profitability, our cash resources will be limited.

***Satisfaction of our cash obligations for the next 12 months.***

As of March 31, 2012, our cash balance was $45,700. Our plan for satisfying our cash requirements for the next twelve months is by relying less on-related party financing and using the funds available through our Callaway Golf agreement to help with any cash flow deficiencies. Because we have not anticipated generating sufficient amounts of positive cash flow to meet our working capital requirements, we are continuing to rely on our customer agreement with Callaway Golf that to provide additional capital to help fund our operations.

Given our operating history, predictions of future operating results are difficult to make. Thus, our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their various stages of commercial viability. Such risks include, but are not limited to, an evolving business model and the management of growth. To address these risks we, among other things, plan to continue to modify our business plan, implement and execute our marketing strategy, develop and upgrade our facilities in a response to our competitor's developments.

***Going Concern***

The financial statements included in this filing have been prepared in conformity with generally accepted accounting principles that contemplate the continuance of the Company as a going concern. Management intends to use borrowings and security sales to mitigate the effects of its cash position, however no assurance can be given that debt or equity financing, if and when required will be available. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue existence.

***Off-Balance Sheet Arrangements***

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.

***Critical Accounting Policies and Estimates***

Stock-based Compensation: In accordance with accounting standards concerning Stock-based Compensation, the Company accounts for all compensation related to stock, options or warrants using a fair value based method in which compensation cost is measured at the grant date based on the value of the award and is recognized over the service period. Stock issued for compensation is valued on the date of the related agreement and using the market price of the stock.

Related party transactions: In accordance with accounting standards concerning related party transactions, there now are established requirements for related party disclosures and the policy provides guidance for the disclosures of transactions between related parties.

Subsequent events: In accordance with accounting standards concerning subsequent events, states that a company is not required to disclose the date through with subsequent events have been evaluated. The adoption of this ASU did not have a material impact on our consolidated financial statements.

***Recent Accounting Developments***

The FASB Accounting Standards Codification is the single official source of authoritative, nongovernmental, U.S. GAAP, in addition to guidance issued by the Securities and Exchange Commission. This codification is designed to simplify U.S. GAAP into a single, topically ordered structure.

On January 1, 2012, changes were issued by the Financial Accounting Standards Board (FASB) to conform existing guidance regarding fair value measurement and disclosure between GAAP and International Financial Reporting Standards. These changes both clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and amend certain principles or requirements for measuring fair value or for disclosing information about fair value measurements. The clarifying changes relate to the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and disclosure of quantitative information about unobservable inputs used for Level 3 fair value measurements. The amendments relate to measuring the fair value of financial instruments that are managed within a portfolio; application of premiums and discounts in a fair value measurement; and additional disclosures concerning the valuation processes used and sensitivity of the fair value measurement to changes in unobservable inputs for those items categorized as Level 3, a reporting entity's use of a nonfinancial asset in a way that differs from the asset's highest and best use, and the categorization by level in the fair value hierarchy for items required to be measured at fair value for disclosure purposes only. Other than the additional disclosure requirements, the adoption of these changes had no impact on the Consolidated Financial Statements.

On January 1, 2012, the FASB issued changes to the presentation of comprehensive income. These changes give an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements; the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity was eliminated. The items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income were not changed. Additionally, no changes were made to the calculation and presentation of earnings per share. Management elected to present the two-statement option. Other than the change in presentation, the adoption of these changes had no impact on the Consolidated Financial Statements.

In December 2011, the Financial Accounting Standards Board ("FASB") released Accounting Standards Update No. 2011-10 ("ASU 2011-10"), *Property, Plant and Equipment (Topic 360): Derecognition of in Substance Real Estate—a Scope Clarification (a consensus of the FASB Emerging Issues Task Force).* ASU 2011-10 clarifies when a parent (reporting entity) ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt, the reporting entity should apply the guidance for Real Estate Sale (Subtopic 360-20). The provisions of ASU 2011-10 are effective for public companies for fiscal years and interim periods within those years, beginning on or after June 15, 2012. When adopted, ASU 2011-10 is not expected to materially impact the consolidated financial statement.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable.

**ITEM 4. CONTROLS AND PROCEDURES.**

*Evaluation of Disclosure Controls and Procedures*

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Principal Financial Officer to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this report, the Company’s management carried out an evaluation, under the supervision of and with the participation of the Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Exchange Act). Based upon that evaluation, the Company’s Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report, to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, completely and accurately, within the time periods specified in SEC rules and forms.

*Changes in Internal Control over Financial Reporting*

There were 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.

There are no legal proceedings in which the Company is involved at this time.

### ITEM 1A. RISK FACTORS.

Not required

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

We did not have any unregistered sales of equity securities during the quarter ended March 31, 2012 that have not been reported in a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the quarter ended March 31, 2012.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION.

None.

### ITEM 6. EXHIBITS.

| | | | Incorporated by reference | | | |
|---|---|---|---|---|---|---|
| **Exhibit number** | **Exhibit description** | **Filed herewith** | **Form** | **Period ending** | **Exhibit No.** | **Filing date** |
| 31.1 | Certification of Chief Executive and Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | X | | | | |
| 32.1 | Certification of Chief Executive and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | X | | | | |

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ALL-AMERICAN SPORTPARK, INC.**
(Registrant)

Date: May 11, 2012

By: /s/ Ronald Boreta

Ronald Boreta, President, Chief Executive Officer, and Treasurer
(On behalf of the Registrant and
as Principal Financial Officer)

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