

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

ALL AMERICAN SPORTPARK INC  
Form 10QSB/A  
April 14, 2008

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

FORM 10-QSB  
AMENDMENT NO. 1

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

For the quarterly period ended September 30, 2007

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  No

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

As of September 30, 2007 3,502,000 shares of common stock were outstanding.

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

EXPLANATORY NOTE: On March 10, 2008, the President and Principal Financial and Accounting Officer of All-American SportPark, Inc. (the "Company")

## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

concluded that the previously issued financial statements contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006, and its Quarterly Reports on Form 10-QSB for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007 should not be relied upon because of the accounting errors contained therein. In particular the Company has determined that it has not correctly account for its land lease in accordance with Statement of Financial Accounting Standards No. 13 - Accounting for Leases ("SFAS 13"). SFAS 13 provides that operating leases with fixed rent escalations should be recognized on a straight-line basis over the lease term. This amended Form 10-QSB is filed to make changes needed to restate the financial information as a result of the previous error.

ALL-AMERICAN SPORTPARK, INC.  
FORM 10-QSB  
INDEX

	Page Number
PART I: FINANCIAL INFORMATION	
Item 1. Condensed Consolidated Financial Statements:	
Condensed Consolidated Balance Sheets September 30, 2007 (unaudited) and December 31, 2006.....	3
Condensed Consolidated Statements of Operations Three Months Ended September 30, 2007 and 2006 (unaudited)..	4
Condensed Consolidated Statements of Operations Nine Months Ended September 30, 2007 and 2006 (unaudited)...	5
Condensed Consolidated Statements of Cash Flows Nine Months Ended September 30, 2007 and 2006 (unaudited)...	6
Notes to Condensed Consolidated Financial Statements (unaudited) .....	7
Item 2. Management's Discussion and Analysis or Plan of Operation .....	9
Item 3. Controls and Procedures .....	15
PART II: OTHER INFORMATION	
Item 1. Legal Proceedings .....	18
Item 2. Changes in Securities .....	19
Item 3. Defaults Upon Senior Securities .....	19
Item 4. Submission of Matters to a Vote of Security Holders .....	19
Item 5. Other Information .....	19
Item 6. Exhibits and Reports on Form 8-K .....	19
SIGNATURES .....	20

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 SEPTEMBER 30, 2007 AND DECEMBER 31, 2006

ASSETS

	2007 (restated) ----- (Unaudited)	2006 (restated) -----
Current assets:		
Cash	\$ 231,778	\$ 44,914
Accounts receivable	3,421	5,446
Prepaid expenses and other	8,662	4,345
	-----	-----
Total current assets	243,861	54,705
Leasehold improvements and equipment, net	913,820	937,501
	-----	-----
Total assets	\$ 1,157,681	992,206
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY DEFICIENCY

Current liabilities:		
Current portion of notes payable to related entities	\$ 2,100,777	\$ 1,966,156
Current portion of other long-term debt	94,308	87,866
Interest payable to related entities	734,732	594,486
Accounts payable and accrued expenses	246,108	280,940
	-----	-----
Total current liabilities	3,175,925	2,929,448
Notes payable to related entities, net of current portion	3,403,227	3,361,963
Interest payable to related entities	2,137,319	1,902,300
Due to related entities	1,120,311	944,391
Long-term debt, net of current portion	-	71,558
Deferred Income	-	6,667
Deferred Rent Liability	680,791	644,659
	-----	-----
Total liabilities	10,517,573	9,860,986
	-----	-----
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 September 30, 2007, and December 31, 2006, respectively	3,502	3,502
Additional paid-in capital	13,327,173	13,327,173
Accumulated deficit	(22,690,567)	(22,199,455)
	-----	-----
Total shareholders' equity deficiency	(9,359,892)	(8,868,780)
	-----	-----
Total liabilities and shareholders' equity deficiency	\$ 1,157,681	\$ 992,206
	=====	=====

## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

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

3

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
(UNAUDITED)

	2007 (restated)	2006 (restated)
	-----	-----
Revenues	\$ 529,256	\$ 502,121
Cost of revenues, excluding depreciation	161,377	158,096
	-----	-----
Gross profit	367,879	344,025
	-----	-----
Operating expenses:		
Selling, general and administrative	636,231	526,553
Depreciation and amortization	19,138	18,360
	-----	-----
Total operating expenses	655,369	544,913
	-----	-----
Operating loss	(287,490)	(200,888)
Other income (expense):		
Interest expense	(136,269)	(125,041)
Loss on stock sale	-	(11,033)
Other income	300,303	812
	-----	-----
Loss before minority interest	(123,456)	(336,150)
Minority interest	-	-
	-----	-----
Net loss	\$ (123,456)	\$ (336,150)
	=====	=====
NET LOSS PER SHARE:		
Basic and diluted net loss per share	\$ (0.04)	\$ (0.10)
	=====	=====

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

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

4

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
 (UNAUDITED)

	2007 (restated)	2006 (restated)
	-----	-----
Revenues	\$ 1,749,482	\$ 1,702,976
Cost of revenues, excluding depreciation	484,979	465,288
	-----	-----
Gross profit	1,264,503	1,237,688
	-----	-----
Operating expenses:		
Selling, general and administrative	1,591,130	1,578,909
Depreciation and amortization	60,576	55,317
	-----	-----
Total operating expenses	1,651,706	1,634,226
	-----	-----
Operating loss	(387,203)	(396,558)
Other income (expense):		
Interest expense	(404,472)	(375,359)
Loss on stock sale	-	(11,033)
Other income	300,563	812
	-----	-----
Loss before minority interest	(491,112)	(782,138)
Minority interest	-	-
	-----	-----
Net loss	\$ (491,112)	\$ (782,138)
	=====	=====
NET LOSS PER SHARE:		
Basic and diluted net loss per share	\$ (0.14)	\$ (0.23)
	=====	=====

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

5

5

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

ALL-AMERICAN SPORTPARK, INC. AND SUBSIDIARY  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
 (UNAUDITED)

	2007 (restated)	2006 (restated)
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (491,112)	\$ (782,138)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	60,576	55,317
Bad Debt Expense	-	11,033
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	2,025	(2,781)
(Increase) decrease prepaid expenses and other	(4,316)	20,254
(Decrease)increase in accounts payable and accrued expenses	(34,832)	82,246
Increase in interest payable to related entities	375,265	359,598
Increase (decrease) in deferred Expense	(6,667)	9,167
Increase in deferred rent liability	36,132	36,132
	-----	-----
Net cash used in operating activities	(62,929)	(211,195)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital asset expenditures	(36,895)	-
Proceeds from sale of stock	-	113,967
	-----	-----
Net cash used in investing activities	(36,895)	113,967
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in due to related entities	175,920	170,806
Proceeds from notes payable to related entities	180,000	100,000
Principal payments on notes payable to related entities	(4,115)	(84,444)
Principal payments on other notes payable	(65,116)	(59,255)
	-----	-----
Net cash provided by financing activities	286,689	127,107
	-----	-----
NET INCREASE IN CASH	186,866	29,929
CASH, beginning of period	44,912	14,164
	-----	-----
CASH, end of period	\$ 231,778	\$ 44,093
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 9,884	\$ 15,745
	=====	=====
Cash paid for taxes	\$ -	\$ -

=====

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

6

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 September 30, 2007 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, 2006, from which the December 31, 2006, 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 shares used in the calculation of basic and diluted loss per share were 3,502,000 and 3,400,000 for the three-month and nine-month periods ended September 30, 2007 and 2006 respectively.

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 September 30, 2007. The lease has a corporate guarantee by AASP.

4. RELATED PARTY TRANSACTIONS

## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

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

7

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 \$47,520 and \$43,449 for the nine months ended September 30, 2007 and 2006, respectively. In July, the company decided not to allocate certain positions to the related parties due to the inconsistency of work done for the related parties by these positions. During the first nine months ending September 30, 2007 four notes totaling \$135,000 were issued by the District store and each note has a maturity date of one year and accrues interest at 10 percent per annum. Saint Andrews Golf Shop also issued \$45,000 in notes receivable with a maturity date of one year and accrues interest at 10% per annum. Related party interest expense was \$116,165 and \$120,261 for the three months period and \$345,263 and \$359,614 for the nine month period ending September 30, 2007 and 2006 respectively.

### 5. LEGAL MATTERS

The Company is plaintiff in a lawsuit against Western Technologies and was awarded a judgment of \$660,000 in March 2003. Western Technologies appealed the judgment to the Nevada Supreme Court (the "Court"). In October 2006, the Court ruled in favor of the defendant and remanded the case to the district court for further action. A settlement was reached in the Western Technologies lawsuit on September 28, 2007. The amount of the settlement was \$550,000, of which \$250,000 was paid to the Company's attorneys as legal fees and the Company received \$300,000, which was recorded as part of other income totaling \$300,563.

### 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 September 30, 2007, the Company had a working capital deficit of \$2,932,064 and a shareholders' equity deficiency of \$9,359,892. 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 September 30, 2007 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



## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

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.

8

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.

### 7. CORRECTION OF AN ERROR - PRIOR PERIOD ADJUSTMENTS

On March 10, 2008, the President and Principal Financial and Accounting Officer of All-American SportPark, Inc. (the "Company") concluded that the previously issued financial statements contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006, and its Quarterly Reports on Form 10-QSB for the quarters ended March 31, 2007; June 30, 2007 and September 30, 2007 should not be relied upon because of the accounting errors contained therein. In particular the Company has determined that it has not correctly account for its land lease in accordance with Statement of Financial Accounting Standards No. 13 - Accounting for Leases ("SFAS 13"). SFAS 13 provides that operating leases with fixed rent escalations should be recognized on a straight-line basis over the lease term.

The following table provides additional details regarding the changes to the income statement for the three months ended September 30, 2007:

	As restated	As previously reported	Change
	-----	-----	-----
Revenues	\$ 529,256	\$ 529,256	\$ -
Cost of revenues	161,377	161,377	-
	-----	-----	-----
	367,879	367,879	-
	-----	-----	-----
Operating expenses:			
Selling, general & administrative	636,231	624,187	12,044
Depreciation and amortization	19,138	19,138	-
	-----	-----	-----
	655,369	643,325	12,044
	-----	-----	-----
Operating loss	(287,490)	(275,446)	12,044
Interest expense, net	(136,269)	(136,269)	-
Other income	300,303	300,303	-
	-----	-----	-----
Income (loss) before Minority interest	(123,456)	(111,412)	12,044
Minority interest (income) loss of subsidiary	-	-	-

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

Net income (loss)	----- \$ (123,456) =====	----- \$ (111,412) =====	----- \$ 12,044 =====
NET INCOME (LOSS) PER SHARE:			
Basic and diluted net income (loss) per share	----- \$ (0.04) =====	----- \$ (0.03) =====	----- \$ (0.01) =====

9

The following table provides additional details regarding the changes to the income statement for the nine months ended September 30, 2007:

	As restated	As previously reported	Change
	-----	-----	-----
Revenues	\$1,749,482	\$1,749,482	\$ -
Cost of revenues	484,979	484,979	-
	-----	-----	-----
	1,264,503	1,264,503	-
	-----	-----	-----
Operating expenses:			
Selling, general & administrative	1,591,130	1,554,998	36,132
Depreciation and amortization	60,576	60,576	-
	-----	-----	-----
	1,651,706	1,615,574	36,132
	-----	-----	-----
Operating loss	(387,203)	(351,071)	36,132
Interest expense, net	(404,472)	(404,472)	-
Other income	300,563	300,563	-
	-----	-----	-----
Income (loss) before Minority interest	(491,112)	(454,980)	36,132
Minority interest (income) loss of subsidiary	-	-	-
	-----	-----	-----
Net income (loss)	\$ (491,112) =====	\$ (454,980) =====	\$ 36,132 =====
NET INCOME (LOSS) PER SHARE:			
Basic and diluted net income (loss) per share	----- \$ (0.14) =====	----- \$ (0.13) =====	----- \$ (0.01) =====

The following table provides details regarding the changes to the balance sheet as of September 30, 2007:

	As restated	As previously reported	Change
	-----	-----	-----
ASSETS			
Current assets:			

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

Cash	\$ 231,778	\$ 231,778	\$ -
Accounts receivable	3,421	3,421	-
Prepaid expenses and other	8,662	8,662	-
	-----	-----	-----
	243,861	243,861	-
Leasehold improvements and equipment, net of accumulated depreciation	913,820	913,820	-
Other assets	-	-	-
	-----	-----	-----
	\$ 1,157,681	\$1,157,681	\$ -
	=====	=====	=====

10

LIABILITY AND SHAREHOLDERS' EQUITY DEFICIENCY

Current liabilities

Current portion of notes payable to related parties	\$ 2,100,777	\$2,100,777	\$ -
Current portion of other long-term debt	94,308	94,308	-
Interest payable to related parties	734,732	734,732	-
Accounts payable and accrued expenses	246,108	246,108	-
	-----	-----	-----
	3,175,925	3,175,925	-
Notes payable to related parties, net of current portion	3,403,227	3,403,227	-
Other long-term debt, net of current portion	-	-	-
Interest payable to related parties	2,137,319	2,137,319	-
Due to related parties	1,120,311	1,120,311	-
Deferred income	-	-	-
Deferred rent liability	680,791	-	680,791
	-----	-----	-----
	10,517,573	9,836,782	680,791
	-----	-----	-----
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 September 30,2007 and December 31,2006 Respectively	3,502	3,502	-
Additional paid-in capital	13,327,173	13,327,173	-
Accumulated deficit	(22,690,567)	(22,009,777)	(680,791)
	-----	-----	-----
	(9,359,892)	(8,679,102)	(680,791)

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

-----	-----	-----
\$ 1,157,680	\$ 1,157,680	\$ -
=====	=====	=====

The following table provides additional details regarding the changes to the income statement for the three months ended September 30, 2006:

11

	As restated	As previously reported	Change
	-----	-----	-----
Revenues	\$ 502,121	\$ 502,121	\$ -
Cost of revenues	158,096	158,096	-
	-----	-----	-----
	344,025	344,025	-
	-----	-----	-----
Operating expenses:			
Selling, general & administrative	526,553	514,509	12,044
Depreciation and amortization	18,360	18,360	-
	-----	-----	-----
	544,913	532,869	12,044
	-----	-----	-----
Operating loss	(200,888)	(188,844)	12,044
Interest expense, net	(125,041)	(125,041)	-
Loss on stock sale	(11,033)	(11,033)	-
Other income	812	812	-
	-----	-----	-----
Income (loss) before			
Minority interest	(336,150)	(324,106)	12,044
Minority interest (income) loss of subsidiary	-	67,360	67,360
	-----	-----	-----
Net income (loss)	\$ (336,150)	\$ (256,746)	79,404
	=====	=====	=====
NET INCOME (LOSS) PER SHARE:			
Basic and diluted net income (loss) per share	\$ (0.10)	\$ (0.08)	\$ (0.02)
	=====	=====	=====

12

The following table provides additional details regarding the changes to the income statement the nine months ended September 30, 2006:

	As restated -----	As previously reported -----	Change -----
Revenues	\$ 1,702,976	\$1,702,976	-
Cost of revenues	465,288	465,288	-
	-----	-----	-----
	1,237,688	1,237,688	-
	-----	-----	-----
Operating expenses:			
Selling, general & administrative	1,578,909	1,542,777	36,132
Depreciation and amortization	55,317	55,317	-
	-----	-----	-----
	1,634,226	1,598,094	36,132
	-----	-----	-----
Operating loss	(396,538)	(360,406)	36,132
Interest expense, net	(375,359)	(375,359)	-
Loss on stock sale	(11,033)	(11,033)	-
Other income	812	812	-
	-----	-----	-----
Income (loss) before Minority interest	(782,118)	(745,986)	36,132
Minority interest (income) loss of subsidiary	-	127,083	127,083
	-----	-----	-----
Net income (loss)	\$ (782,118)	\$ (618,903)	\$163,215
	=====	=====	=====
NET INCOME (LOSS) PER SHARE:			
Basic and diluted net income (loss) per share	\$ (0.23)	\$ (0.18)	\$ (0.05)
	=====	=====	=====

The following table provides details regarding the changes to the balance sheet as of December 31, 2006:

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

	As restated	As previously reported	Change
	-----	-----	-----
ASSETS			
Current assets:			
Cash	\$ 44,914	\$ 44,914	\$ -
Accounts receivable	5,446	5,446	-
Prepaid expenses and other	4,345	4,345	-
	-----	-----	-----
	54,705	54,705	-
Leasehold improvements and equipment, net of accumulated depreciation	937,501	937,501	-
	-----	-----	-----
	\$ 992,206	\$ 992,206	\$ -
	=====	=====	=====

13

LIABILITY AND SHAREHOLDERS' EQUITY DEFICIENCY

Current liabilities			
Current portion of notes payable to related parties	\$ 1,966,156	\$1,966,156	\$ -
Current portion of other long-term debt	87,866	87,866	-
Interest payable to related parties	594,486	594,486	-
Accounts payable and accrued expenses	280,940	280,940	-
	-----	-----	-----
	2,929,448	2,929,448	-
Notes payable to related parties, net of current portion	3,361,963	3,361,963	-
Other long-term debt, net of current portion	71,558	71,558	-
Interest payable to related parties	1,902,300	1,902,300	-
Due to related parties	944,391	944,391	-
Deferred income	6,667	6,667	-
Deferred rent liability	644,659	-	644,659
	-----	-----	-----
	9,860,986	9,216,327	644,659
	-----	-----	-----
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, 3,400,000 shares issued and outstanding at December 31, 2006	3,502	3,502	-
Additional paid-in capital	13,327,173	13,327,173	-
Accumulated deficit	(22,199,455)	(21,554,796)	(644,659)
	-----	-----	-----
	(8,868,780)	(8,224,121)	(644,659)

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

-----	-----	-----
\$ 992,206	\$ 992,206	\$ -
=====	=====	=====

14

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 2008.

RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 2007 AS COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2006.

REVENUES. Revenues of the Callaway Golf Center ("CGC") for the three months ended September 30, 2007 increased \$27,135 or 5.4% to \$529,256 from \$502,121 reported for the three months ended September 30, 2006. The increase in revenues is attributed to an increase in golf course green fees, and golf club rentals offset by a decrease in golf lesson fees. Golf course green fees increased by \$40,272 to \$156,859 in 2007 from \$116,587 in 2006 due to an increase in business and a change in the summer rates. Effective June 1, 2007, summer rates were increased by 22% for locals and 33.3% for tourists. In addition, summer rates were not offered on weekends as it had in the prior year. Golf cart rentals were flat year-to-year from \$57,558 to \$57,989 for the three months ending September 30, 2007 compared to the same period in 2006. Driving range revenues decreased by \$9,321 to \$183,348 in 2007 from \$192,669 in 2006 due to an unseasonably hot summer. There was a decrease in golf lesson fees of \$14,229 to \$41,407 in 2007 compared to \$55,636 in 2006 due to turnover in golf pro staff and an unseasonably hot summer. Golf club rentals increased by \$4,882 to \$26,146 for the three months ended in September 30, 2007 compared to \$21,264 for the three months ended in September 2006.

## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

**COST OF REVENUES.** Cost of revenues consists mainly of commissions paid to the golf instructors, the payroll and benefits expenses of ACG staff, and operating supplies. Cost of revenues increased by \$3,281 to \$161,377 from \$158,096 for the same period in the prior year. Commissions paid to golf instructors decreased by \$5,400 from \$31,520 in 2007 to \$36,920 in 2006 due directly to reduced golf lesson fees incurred in the third quarter. In September 2007 a purchase of \$21,280 of new range balls for the course increased golf operating supplies by \$31,865 to \$49,642 in 2007 from \$23,600 in 2006.

**SELLING, GENERAL AND ADMINISTRATIVE.** These expenses consist principally of landscaping services and professional fees, ground lease, utilities, insurance and administrative payroll. These expenses increased \$109,679 to \$636,231 from \$526,553 for the three months ending September 30, 2007 and 2006 respectively. An increase was seen in two areas: legal expenses for the Urban Land litigation of \$48,731, and occupancy costs for \$23,281 due to increased water and property taxes.

15

**OTHER INCOME AND EXPENSE.** Other income and expense consists principally of interest expense and non-operating income. For the three months ended September 30, 2007 there was an increased in interest expense of \$11,228 due to additional borrowings from affiliated stores to fund operations. There was also a \$300,000 increase in settlement income due to the Western Technologies Settlement discussed more thoroughly in Part II - Item 1 - Legal Proceedings.

**NET LOSS.** The net loss before minority interest for the three months ending September 30, 2007 was \$(123,456) compared to a net loss of \$(336,150) in the prior year. The difference of \$212,694 is primarily due the Western Technologies settlement for \$300,000 which is partially offset by an increase in legal fees of \$48,731.

**RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 2007 AS COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2006.**

**REVENUES.** Revenues of the Callaway Golf Center ("CGC") for the nine months ended September 30, 2007 increased by \$46,506 or 2.7% to \$1,749,482 from \$1,702,976 reported for the same period in 2006. This increase in revenues is due to golf course green fees, golf cart rentals and restaurant lease income offset by golf lesson fees. The golf course greens fees increased by \$50,106 to \$537,889 in 2007 compared to \$487,783 in 2006 because of the improved course condition that allowed summer rates to be raised by 22% for locals and 33.3% for tourists in June 2007 and also allowed no discounts to be on weekends and help offset the lowered revenues from the first quarter that resulted from bad weather. Golf cart rentals also increased by \$11,597 to \$173,891 from \$162,294 for the nine months ended 2007 and 2006. This was due in an increase in rental rates of 12.5%. Restaurant lease income increased by \$9,280 in 2007 to \$37,280 in 2007 from \$28,000 in 2006 due to the new tenant did not occupy the restaurant until end of the first quarter of 2006 and 4% increase in the base rent after the initial one year term of the lease. Golf lesson fees decreased by \$27,594 to \$155,567 in 2007 from \$183,161 in 2006 as a result of the turnover in the golf pro staff that occurred in the second quarter, and unseasonably warm weather during third quarter.

**COST OF REVENUES.** Cost of revenues consists mainly of commissions paid to the golf instructors, the payroll and benefits expenses of CGC staff, cost of



## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

merchandise sold and operating supplies. Cost of revenues increased by \$19,691 to \$484,979 from \$465,288 for the same period of the prior year. Wages for park services increased by \$12,559 to \$77,603 in 2007 from \$65,044 in 2006 due to additional golf course rangers added in the first quarter of the year to help control traffic on the course and a part-time maintenance personnel to help service the golf carts. Golf operating supplies for the range increased by \$18,765 to \$81,896 in 2007 from \$63,131 in 2006 due to purchase of additional range matts and miscellaneous supplies.

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 \$12,221 to \$1,591,130 from \$1,578,909 for the same period in the prior year. Audit and tax expense decreased by \$44,667 to \$31,000 from \$75,667 in the prior year. The decrease in expenses was due to the Company had to respond to several SEC comment letters and also changed their public accounting firm in the prior year which resulted in billings from two separate auditing firms. The decreased expenses were related to responding to SEC comment letters and a change of Company's registered public accounting firm that occurred in April

16

2006. As noted earlier in the three month ended 2007, there was an increase in legal fees of \$25,529 due to litigation with Urban Land discussed more thoroughly in Part II - Item 1 - Legal Proceedings.

OTHER INCOME AND EXPENSE. Other income and expense consists principally of interest expense and non-operating income. Interest expense increased \$29,113 to \$404,472 in 2007 compared to \$375,359 in 2006 due to an increase in borrowing from affiliated stores. Other income increased by \$299,751 to \$300,563 for 2007 compared to \$812 in 2006. This was due to the Western Technologies Settlement discussed more thoroughly in Part II - Item 1 - Legal Proceedings.

NET LOSS. The net loss before minority interest for the nine months ending September 30, 2007 is \$491,112 compared to a loss of \$782,138 in the prior year. The difference of \$291,026 is due to the Western Technologies Settlement discussed further in the legal section.

### LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2007, the Company had a working capital deficit of \$2,932,064 as compared to a working capital deficit of \$2,874,743 at December 31, 2006. The CGC did not generate a positive cash flow before corporate overhead.

Management believes that the CGC operations and existing cash balances as of September 30, 2007, 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 2006, 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 substantially increase traffic flow in the area of the golf center when it opens in November 2007, 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

## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

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.

17

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 September 30, 2007, under the supervision and with the participation of

## Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

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 September 30, 2007. There have been no changes in internal control over financial reporting that occurred during the second 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.

The Company is plaintiff in a lawsuit against Western Technologies and was awarded a judgment of \$660,000 in March 2003. Western Technologies appealed the judgment to the Nevada Supreme Court (the "Court"). In October 2006, the Court ruled in favor of the defendant and remanded the case to the district court for further action. A settlement was reached on September 28, 2007. The amount of the settlement was \$550,000, of which \$250,000 was paid to the Company's attorneys as legal fees and the Company received \$300,000.

18

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. The American Arbitration Association has appointed an arbitrator and arbitration is scheduled for February 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 has begun and depositions are expected to be ongoing.

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 to prevent Urban land from declaring the Company in default of its lease. These claims in the notice of default have been added in the above arbitration proceeding.

The Company is involved in certain other litigation as both plaintiff and defendant related to its business activities. Management, based upon consultation with legal counsel, does not believe that the resolution of these and the forgoing matters will have a material adverse effect, if any, upon the Company. Accordingly, no provision has been made for any estimated

Edgar Filing: ALL AMERICAN SPORTPARK INC - Form 10QSB/A

losses in connection with such matters.

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

19

SIGNATURES

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

ALL-AMERICAN SPORTPARK, INC.

Date: April 14, 2008

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

