ALL AMERICAN SPORTPARK INC
Form 10KSB
April 17, 2006

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

FORM 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year ended: December 31, 2005

OR

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

For the transition period from: _____ to ____

Commission File No. 0-024970

ALL-AMERICAN SPORTPARK, INC.
(Name of Small Business Issuer 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, Including Zip Code)

Issuer's Telephone Number: (702) 798-7777

Securities Registered Pursuant to Section 12(b) of the Act: None.

Securities Registered Pursuant to Section 12(g) of the Act:

COMMON STOCK, $.001 PAR VALUE
(Title of each class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. [ ]

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [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]

State issuer's revenues for its most recent fiscal year: $2,152,867.

As of March 13, 2006, 3,400,000 shares of common stock were outstanding, and the aggregate market value of the common stock of the Registrant held by non-affiliates was approximately $1,099,000.

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

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

BUSINESS DEVELOPMENT

The Company's business began in 1974 when Vaso Boreta, the Company's Chairman of the Board, opened a "Las Vegas Discount Golf & Tennis" retail store in Las Vegas, Nevada. This store, which is still owned by Mr. Boreta, subsequently began distributing catalogs and developing a mail order business for the sale of golf and tennis products. In 1984, the Company began to franchise the "Las Vegas Discount Golf & Tennis" retail store concept and commenced the sale of franchises. As of February 26, 1997, when the franchise business was sold, the Company had 43 franchised stores in operation in 17 states and 2 foreign countries.

The Company was incorporated in Nevada on March 6, 1984, under the name "Sporting Life, Inc." The Company's name was changed to "St. Andrews Golf Corporation" on December 27, 1988, to "Saint Andrews Golf Corporation" on August 12, 1994, and to All-American SportPark, Inc. ("AASP") on December 14, 1998.

Sports Entertainment Enterprises, Inc. ("SPEN"), formerly known as Las Vegas Discount Golf & Tennis, Inc. ("LVDG"), a publicly traded company, acquired the Company in February 1988, from Vaso Boreta, who was the Company's sole shareholder. Vaso Boreta also served as SPEN's Chairman of the Board, President and CEO until February 2005.

In December 1994, the Company completed an initial public offering of 1,000,000 Units, each Unit consisting of one share of Common Stock and one Class A Warrant. The net proceeds to the Company from this public offering were approximately $3,684,000. The Class A Warrants expired unexercised on March 15, 1999.

In 1996, the Company sold 500,000 shares of Series A Convertible Preferred Stock to Three Oceans Inc. ("TOI"), an affiliate of SANYO North America Corporation, for $5,000,000 in cash pursuant to an Investment Agreement between the Company and TOI. The Company used these proceeds to fund part of the development costs of its All-American SportPark property in Las Vegas. In March 2001, the Company repurchased all of the shares of Series A Convertible Preferred Stock from TOI for $5,000 in cash. Once repurchased, the shares were retired.

On December 16, 1996, the Company and its majority shareholder, SPEN, entered into negotiations pursuant to an "Agreement for the Purchase and Sale of Assets" to sell all but one of the four retail stores owned by SPEN, all of

SPEN's wholesale operations and the entire franchising business of the Company to Las Vegas Golf & Tennis, Inc., an unaffiliated company. On February 26, 1997, the Company and SPEN completed this transaction.

In connection with the sale of the above-described assets, SPEN and the Company agreed not to compete with the buyer in the golf equipment business except that the Company is permitted to sell golf equipment at its Callaway Golf Center business. In addition, the Buyer granted Boreta Enterprises, Ltd., a limited partnership owned by Vaso Boreta, Ron Boreta, Vaso's son and President of the Company, and John Boreta, Vaso's son and a principal shareholder of SPEN, the right to operate "Las Vegas Discount Golf & Tennis" stores in southern Nevada, except for the Summerlin area of Las Vegas, Nevada. Likewise, the buyer is restricted from operating stores in southern Nevada except for the Summerlin area of Las Vegas, Nevada.

On July 12, 1996, the Company entered into a lease agreement covering approximately 65 acres of land in Las Vegas, Nevada, on which the Company developed its Callaway Golf Center and All-American SportPark ("SportPark") properties. The property is located on the world famous Las Vegas "Strip" at the corner of Las Vegas Boulevard and Sunset Road which is just south of McCarran International Airport and several of Las Vegas' major hotel/casino properties such as Mandalay Bay and the MGM Grand. The property is also adjacent to the new Interstate 215 beltway that will eventually encircle the entire Las Vegas valley. On 42 acres of the property is the Callaway Golf Center that opened for business in October 1997. The remaining 23 acres was home to the now discontinued SportPark that opened for business in October 1998 and was disposed of in May 2001.

On June 20, 1997, the lessor of the 65-acre tract ("Landlord") agreed with the Company to cancel the original lease and replace it with two separate leases. The lease for the SportPark commenced on February 1, 1998 with a base rent of $18,910 per month and was cancelled in connection with the disposition of the SportPark in May 2001; the lease for the Callaway Golf Center is for fifteen years with options to extend for two additional five-year terms. The lease for the Callaway Golf Center[TM] commenced on October 1, 1997 when the golf center opened with a base rent of $33,173 per month.

During June 1997 the Company and Callaway Golf Company ("Callaway") formed All-American Golf LLC ("LLC"), a California limited liability company that was owned 80% by the Company and 20% by Callaway; the LLC owned and operated the Callaway Golf Center. In May 1998, the Company sold its 80% interest in LLC to Callaway. On December 31, 1998 the Company acquired substantially all the assets of LLC subject to certain liabilities that resulted in the Company owning 100% of the Callaway Golf Center.

On October 19, 1998 the Company sold 250,000 shares of the Series B Convertible Preferred Stock to SPEN for $2,500,000. SPEN had earlier issued 2,303,290 shares of its common stock for $2,500,000 in a private transaction to ASI Group, L.L.C. ("ASI"). ASI also received 347,975 stock options for SPEN common stock. ASI is a Nevada limited liability company whose members include Andre Agassi, a professional tennis player.

SPEN owned 2,000,000 shares of the Company's common stock and 250,000 shares of the Company's Series B Convertible Preferred Stock. In the aggregate, this represented approximately two-thirds ownership in the Company. On April 5, 2002, SPEN elected to convert its Series B Convertible Preferred Stock into common stock on a 1 for 1 basis. On May 8, 2002, SPEN completed a spin-off of the Company's shares held by SPEN to SPEN's shareholders. This resulted in SPEN no longer having any ownership interest in the Company.

BUSINESS OF THE COMPANY

In June 1997, the Company completed a final agreement with Callaway to form a limited liability company named All-American Golf LLC (the "LLC") for the purpose of operating a golf facility, to be called the "Callaway Golf Center[TM] ("CGC")," on approximately forty-two (42) acres of land located on Las Vegas Boulevard in Las Vegas, Nevada. The CGC opened to the public on October 1, 1997.

The Company's operations consist of the CGC, located on 42 acres of leased land and strategically positioned within a few miles of the largest hotels and casinos in the world. There are over 135,000 hotel rooms in Las Vegas with an average occupancy of 85%, and seventeen of the top twenty largest hotels in the world are within a few miles of the CGC including the MGM Grand, Mandalay Bay, Luxor, Bellagio, and the Monte Carlo. The CGC is

3

also adjacent to McCarran International Airport, the eleventh busiest airport in the world for passenger traffic with 44.3 million passengers passing through the terminal in 2005. The Las Vegas valley residential population approximates 1.9 million.

The CGC includes a two tiered, 110-station, driving range. The driving range is designed to have the appearance of an actual golf course with ten impact greens, waterfall features, and an island green. Pro-line equipment and popular brand name golf balls are utilized. In addition to the driving range, the CGC has a lighted, nine-hole, par three golf course, named the "Divine Nine". The golf course has been designed to be challenging, and has several water features including lakes, creeks, water rapids and waterfalls, golf cart paths and designated practice putting and chipping areas. At the entrance to the CGC is a 20,000 square foot clubhouse which includes an advanced state of the art golf swing analyzing system developed by Callaway, and two tenant operations: (a) the St. Andrews Golf Shop featuring the latest in Callaway Golf equipment and accessories, and (b) a restaurant, which features an outdoor patio overlooking the golf course and driving range with the Las Vegas "Strip" in the background.

The CGC has a lease agreement with St. Andrews Golf Shop for the provision of sales of golf retail merchandise. The lease is for fifteen years ending in October 2012. The lessee pays a fixed monthly rental for its office and retail space.

The LLC's original ownership was 80% by the Company and 20% by Callaway. Callaway agreed to contribute $750,000 of equity capital and loan the LLC $5,250,000. The Company contributed the value of expenses incurred relating to the design and construction of the golf center and cash in the combined amount of $3,000,000. Callaway's loan to the LLC had a ten-year term with interest at ten percent per annum. The principal was due in 60 equal monthly payments commencing five years after the CGC opened.

On May 5, 1998, the Company sold its 80% interest in the LLC to Callaway for $1.5 million in cash and the forgiveness of $3 million in debt, including accrued interest thereon, owed to Callaway by the Company. The Company retained the option to repurchase the 80% interest for a period of two years on essentially the same financial terms that it sold its interest. The sale of the Company's 80% interest in the LLC was completed in order to improve the Company's financial condition that, in turn, improved the Company's ability to complete the financing needed for the final construction stage of the SportPark.

On December 30, 1998, the Company acquired substantially all the assets of the LLC subject to certain liabilities. This resulted in the Company owning 100% of the CGC. Under the terms of the asset purchase agreement, the Company paid $1 million to Active Media Services in the form of a promissory note payable in quarterly installments of $25,000 over a 10-year period without interest. In turn, Active Media delivered a trade credit of $4,000,000 to the CGC.

In connection with this acquisition, the Company executed a trademark license agreement with Callaway pursuant to which the Company licenses the right to use the marks "Callaway Golf Center" and "Divine Nine" from Callaway for a term beginning on December 30, 1998 and ending upon termination of the land lease on the CGC. The Company paid a one-time fee for this license agreement that was a component of the purchase price the Company paid for the CGC upon acquisition of the facility on December 30, 1998. Pursuant to this agreement, Callaway has the right to terminate the agreement upon the occurrence of any "Event of Termination" as defined in the agreement.

4

On June 1, 2001, the Company completed a transaction pursuant to a Restructuring and Settlement Agreement with Urban Land of Nevada, Inc. (the "Landlord") to terminate the land lease for the discontinued SportPark, and to transfer all of the leasehold improvements and personal property located on the premises to the Landlord.

As part of the agreement, the Landlord agreed to waive all liabilities of the Company to the Landlord with respect to the discontinued SportPark, and with the exception of a limited amount of unsecured trade payables, the Landlord agreed to assume responsibility of all other continuing and contingent liabilities related to the SportPark. The Landlord also agreed to cancel all of the Company's back rent obligations for the CGC for periods through April 30, 2001. The CGC remains the only operating business of the Company.

As part of the transaction, the Company transferred to the Landlord a 35 percent ownership interest in the Company's subsidiary that owns and operates the CGC. This subsidiary is All-American Golf Center, Inc. ("AAGC"). In connection with the issuance of the 35 percent interest in AAGC to the Landlord, the Company and the Landlord entered into a Stockholders Agreement that provides certain restrictions and rights on the AAGC shares issued to the Landlord. The Landlord is permitted to designate a non-voting observer of meetings of AAGC's Board of Directors. In the event of an uncured default of the lease for the CGC, so long as the Landlord holds a 25% interest in AAGC, the Landlord will have the right to select one director of AAGC. As to matters other than the election of Directors, the Landlord has agreed to vote its shares of AAGC as designated by the Company.

LIABILITY INSURANCE

The Company has a comprehensive general liability insurance policy to cover possible claims for injury and damages from accidents and similar activities. Although management of the Company believes that its insurance levels are sufficient to cover all future claims, there is no assurance it will be sufficient to cover all future claims.

MARKETING

The marketing program for the CGC is focused primarily on the local individual customers with increasing emphasis on the individual tourist market because of the CGC's proximity to most of the major resorts in Las Vegas. The CGC focuses its marketing efforts principally on print media that has proven to be effective for the local market. For the tourist market, the Company has instituted taxi programs, rack cards, and print media in tourist publications that are located in the Las Vegas hotels and hotel rooms. Also, the CGC, has implemented programs to attract more group events, clinics, and other special promotional events. In February of 2004, a 30 ft. pylon sign with a reader board was installed in front of the CGC. The sign makes the general public aware of various programs, specials and information on events and other activities taking place within the CGC. Once installed, the CGC began random customer information surveys to provide information on how guests heard of the CGC. Over half stated that they came into the CGC because they saw the new sign.

The CGC, which includes a nine-hole par 3 golf course, driving range, and clubhouse, is designed to provide a country club atmosphere for the general public.

The Company's marketing efforts toward establishing additional CGC-type locations have been directed towards a number of large existing and potential markets for which there can be no assurance of financial success. Further, to expand the concept for CGC-type facilities beyond the Las Vegas location could require considerably more financial and human resources than presently exists at the Company.

FIRST TEE PROGRAM

In March 2002, the CGC became the official home in southern Nevada for the national First Tee program. The First Tee program is a national initiative started in November 1997 by the World Golf Foundation. First Tee is a program sponsored by the PGA Tour, the LPGA, the PGA of America, the United States Golf Association, and Augusta National Golf Club. The First Tee program was formed to eliminate access and affordability issues for children, especially economically disadvantaged children, to participate in the game of golf. In research conducted by the National Golf Foundation, it was noted that only two percent of children through age 17 ever try golf and only five percent of our nation's golfers were minorities. The CGC is proud to be part of the First Tee program and believes it will offer many opportunities for the Company in the years ahead.

COMPETITION

Any golf/amusement facilities developed by the Company will compete with any other family/sports attractions in the area where such facilities are located. Such attractions could include amusement parks, driving ranges, water parks, and any other type of family or sports entertainment. The Company will be relying on the combination of active user participation in the sports activities and uniqueness of the Park features, attractive designs, and competitive pricing to encourage visitation and patronage.

In the Las Vegas market, the Company has competition from other golf courses, family entertainment centers, and entertainment provided by hotel/casinos. Company management believes the CGC has a competitive advantage in the Las Vegas market because of its strategic location, product branding, alliances, and extent of facilities balanced with competitive pricing that is unlike any competitor in the market.

The Company's competition includes other golf facilities within the Las Vegas area that provide a golf course and driving range combination and/or a night lighted golf course. Management believes that the CGC is able to compete because it is unique in providing a branded partnership with Callaway and giving the Las Vegas community one of the largest golf training facilities in the western United States. In addition, several Las Vegas hotel/casinos own their own golf courses that cater to high-roller/VIP tourists. The CGC is able to compete against these facilities because it offers a competitively priced golf facility with close proximity to the Las Vegas "Strip" properties where a non-high-roller/VIP tourist can come to enjoy a Las Vegas golf experience.

EMPLOYEES

As of March 13, 2006, there were 2 full- and 2 part-time employees at the Company's executive offices, and 9 full- and 12 part-time employees at CGC.

ITEM 2. DESCRIPTION OF THE PROPERTY.

The Company's corporate offices are located inside the clubhouse building of the CGC at 6730 South Las Vegas Boulevard, Las Vegas, Nevada 89119. The CGC property occupies approximately 42 acres of leased land described in ITEM 1. DESCRIPTION OF BUSINESS, BUSINESS DEVELOPMENT. The CGC was opened October 1, 1997. The property is in good condition both structurally and in appearance. There were certain construction defects that are discussed below in ITEM 3. LEGAL PROCEEDINGS. There were minor defects to the building but they have been repaired. Other construction not related to the building involved adjoining concrete sidewalks and walkways. Temporary repairs have been made and a permanent correction will be made upon final settlement of the lawsuit. The Company owns 65% of the CGC through its subsidiary, AAGC.

A ten-year note payable secured by a first deed of trust exists on the CGC in the original amount of $1 million payable without interest, in quarterly installments of $25,000 beginning December 1998.

The CGC has two tenant operations: (1) The St. Andrews Golf Shop that occupies approximately 4,300 square feet for golf retail sales and pays a fixed monthly rent that includes a prorated portion of maintenance and property tax expenses of $13,104 for its retail and office space. The lease is for fifteen years ending in 2012, and (2) a restaurant that features an outdoor patio overlooking the golf course and driving range with the Las Vegas "Strip" in the background. Beginning in the first quarter of 2006, restaurant lease revenue will be equal to the greater of $4,000 per month or 8% of gross sales (as defined in the contract). The lease expires in one year unless the optional four year extension is exercised.

ITEM 3. LEGAL PROCEEDINGS

Except for the complaints described in the following paragraphs, the Company is not presently a party to any legal proceedings, except for routine litigation that is incidental to the Company's business.

The Company is plaintiff in a lawsuit against Western Technologies and was awarded a judgment of $660,000 in March 2003. Western Technologies has appealed the judgment, and it is currently pending before the Nevada Supreme Court (the "Court"). The Court is expected to hear arguments in the case in the spring of 2006. Western Technologies was required to and did file a bond in the amount of the judgment to date, which is approximately $1,180,000 including the judgment, interest, and attorney's fees.

On May 31, 2005, Sierra SportService, Inc. the Company's tenant, who operated the restaurant in CGC, ceased operations. Sierra SportService filed a notice of default pertaining to the restaurant concession agreement and against all guarantors of that agreement. A settlement was reached on November 18, 2005 for a total amount of $800,000, of which the Company paid $700,000 and the remaining $100,000 was paid by AAGC, which is 65% owned by the Company. The funds used to make these payments were borrowed from ANR, LLC, an entity owned by Andre K. Agassi and Perry Craig Rogers.

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 and claims against other parties in the arbitration proceeding. The other parties include, among others, Ronald S. Boreta, the President of the Company; Vaso

7

Boreta, Chairman of the Board of the Company; and Boreta Enterprise, Ltd., a principal shareholder of the Company. The counterclaims and 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. Urban Land is seeking damages and other relief under various claims.

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. It is expected that the issues in the notice of default will be included in the above arbitration proceeding.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

MARKET INFORMATION. The Company's common stock is traded in the over-the-counter market and is quoted on the OTC Bulletin Board under the symbol AASP. The following table sets forth the closing high and low sales prices of the common stock for the periods indicated. The quotations reflect inter-dealer prices, without retail markup, markdown or commission and may not represent actual transactions.

	HIGH	LOW
Year Ended December 31, 2005:		
First Quarter	$1.19	$0.23
Second Quarter	$0.81	$0.32
Third Quarter	$0.44	$0.28
Fourth Quarter	$0.45	$0.28
Year Ended December 31, 2004:		
First Quarter	$0.08	$0.03
Second Quarter	$0.20	$0.04
Third Quarter	$0.21	$0.05

Fourth Quarter	$1.01	$0.05

HOLDERS. The number of holders of record of the Company's $.001 par value common stock at March 31, 2006 was approximately 1,050. This does not include approximately 1,000 shareholders who hold stock in their accounts at broker/dealers.

DIVIDENDS. Holders of common stock are entitled to receive such dividends as may be declared by the Company's Board of Directors. No dividends have been paid with respect to the Company's common stock and no dividends are expected to be paid in the foreseeable future. It is the present policy of the Board of Directors to retain all earnings to provide for the growth of the Company. Payment of cash dividends in the future will depend, among other things, upon the Company's future earnings, requirements for capital improvements and financial condition.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following information should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto included in this report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and related interpretations in accounting for its employee stock options. However, in December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (Revised 2004), Share-Based Payment (SFAS 123R). SFAS 123R requires that compensation cost related to share-based employee compensation transactions be recognized in the financial statements. The provisions of SFAS 123R are effective as of the first interim period that begins after January 1, 2006. The adoption of SFAS 123R's fair value method is expected to have a significant impact on future results of operations only when new options are granted, none of which are presently contemplated.

OVERVIEW

The Company's operations consist of the management and operation of the CGC. The CGC includes the Divine Nine par 3 golf course fully lighted for night golf, a 110-tee two-tiered driving range, a 20,000 square foot clubhouse which includes the Callaway Golf fitting center and Pro Shop and two tenants, the Saint Andrews Golf Shop retail store and a restaurant. In the January/February 2006 issue of GOLF RANGE MAGAZINE, the CGC was named as the second best Pro Shop in America. As discussed below additional business opportunities are currently being sought.

The National Golf Foundation (NGF) stated in a press release dated

February 5, 2005, that, "the National Golf Course Owners Association had reported that 2004 finished up nationally compared to a decline in the previous two years." NGF also stated that, "private clubs were flat while public courses saw the increases." Additionally, the Las Vegas Convention Center and Visitors Authority (LVCVA) announced on February 10, 2005, that the number of 2004 visitors broke all previous records by more than 2 million. Furthermore, the LVCVA projected that visitor growth will be significant through 2009. Given this information, expectations for both public golf courses and Las Vegas tourism are increasing. The CGC has an ideal location at the end of the "Las Vegas Strip" and near the international airport; however, much of the land immediately adjacent to the CGC has not yet been developed. In 2005 and continuing into 2006, significant commercial, industrial and residential development, along with an expansion of the international airport, is planned. As a result of this planned development, in 2006 the Company expects the CGC name recognition to increase significantly and revenues to be impacted favorably but to an extent that cannot be predicted.

RESULTS OF OPERATIONS - YEAR ENDED DECEMBER 31, 2005 VERSUS YEAR ENDED DECEMBER 31, 2004.

REVENUES. Revenues of the Callaway Golf Center ("CGC") for 2005 decreased 0.7% to $2,152,867 compared to $2,168,802 in 2004. The decrease was minimal and primarily attributed to the reduction in tenant income resulting from the termination of a restaurant lease. Income from golf activities increased 1.8% to $1,966,160 compared to $1,930,990 in 2004. In this revenue group, Golf lesson fees increased by 73.1% to $209,025 compared to $120,770 in 2004. Golf club rentals increased by 23.7% to $101,434 compared to $82,007 in 2004. Merchandise sales, consisting mainly of snack sales to compensate for the restaurant closure, increased 344.0% to $10,110 compared to $2,277 in 2004. Golf cart rentals increased by 12.8% to $181,522 compared to $160,984 in 2004. Green fees decreased by 12.4% to $704,450 compared to $804,560 in 2004. Driving range fees decreased only slightly by 0.1% to $759,590 compared to $760,392 in 2004. Tenant income decreased by 17.2% to $176,143 compared to $212,777 in 2004. This is due to the termination of a restaurant lease. Other revenues decreased 57.8% to $10,563 compared to $25,035 in 2004. This is mainly due to insurance recoveries received in the prior year.

COST OF REVENUES. Costs of revenues increased by 4.7% in 2005 to $529,261 compared to $505,555 in 2004. The overall increase can be attributed to the golf pro salaries, which increased to $141,911 in 2005 compared to $75,713 in 2004. This is due the related increased in teaching revenue and also to the fact that during 2004 this service was outsourced for part of the prior year. Direct payroll costs were nearly identical changing approximately 0.1%. Other cost of goods, mainly comprised of driving range supplies like golf balls, decreased 40.0% to $69,058 compared to $115,117 in 2004.

SELLING, GENERAL AND ADMINISTRATIVE ("SG&A"). SG&A expenses consist principally of administrative payroll, rent, professional fees and other corporate costs. These expenses increased by 48.5% to $2,938,551 in 2005 from $1,978,385 in 2004. The increase is mainly due to an increase of $800,000 in settlement and litigation expenses compared to having none in the prior year and an increase in land lease expense of $146,869.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization increased 33.7% to $95,122 in 2005 compared to $71,154 in 2004 due to 2004 asset additions.

INTEREST EXPENSE. Interest expense increased 0.8% to $503,811 in 2005 compared to $499,949 in 2004 due mainly to issuance of additional notes payable to related parties.

LIQUIDITY AND CAPITAL RESOURCES

Working capital needs have been helped by favorable payment terms and conditions included in our notes payable to related parties. Management believes that additional notes could be negotiated, if necessary, with similar payment terms and conditions.

The Company has various notes payable to related parties (ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS). In December 2005 and 2004, the current note balance due including the related interest totaling $617,690 and $669,887, respectively, was forgiven. The effects of these extinguishments on the Company's current and future liquidity was, of course, to permanently eliminate the obligations for the related short-term cash outflows for the amounts of each forgiveness, thus enabling the Company to meet other obligations timely and continue its business operations without interruption at least for the short-term.

In 2005, the Company's cash flows from investing activities were comprised of cash expenditures of approximately $32,100 for capital asset additions and proceeds of loans from related parties of approximately $1,245,000, net of current year repayments, which constitutes substantially all of the Company's financing cash activities.

In 2004, the Company received cash incentives from the Southern Nevada Water Authority (SNWA) of approximately $272,000, which is included in cash flows from operations. The Company's cash flows from investing activities were comprised of cash expenditures of approximately $324,000 for capital asset additions, which were financed in part by the incentives received from SNWA and proceeds of loans from related parties of approximately $500,000, net of current year repayments, which constitutes substantially all of the Company's financing cash activities.

In 2004, the Company began implementing new marketing strategies that resulted in increased revenues during the year. The Company has advertised in various magazines within the southern California area and in the Southwest Airlines Magazine, which is available to all passengers on every Southwest Airlines flight. We also started marketing the CGC as a family facility that has something for all ages and have constructed a pylon sign in front of the CGC, on the Las Vegas "Strip". We believe that the expansion of our marketing and advertising strategies will continue to result in increased revenues. During the first two months of 2006, unaudited revenue increased approximately $50,000 over the same period in 2005. In addition, a new tenet for the restaurant space was acquired on January 25, 2006.

Nevertheless for reasons described below and in Note 1.d. to the consolidated financial statements, in its report dated March 24, 2006, the Company's independent auditors have expressed substantial doubt as to the Company's ability to continue as a going concern.

As of December 31, 2005, the Company had a working capital deficit of $1,875,279 as compared to a working capital deficit of $871,980 at December 31, 2004. The increase in the working capital deficit is primarily due to the issuance of new notes payable to related parties.

AASP management believes that its continuing operations may not be sufficient to fund operating cash needs and debt service requirements over at least the next 12 months. As such, management plans on seeking other sources of funding as needed, 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.

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.

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

11

There are no planned material capital expenditures in 2006.

FORWARD LOOKING STATEMENTS

Certain information included in this annual 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, financing sources, the effects of regulations and competition. 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 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 (including sensitivity to fluctuations in foreign currencies), changes in federal or state tax laws or the administration of such laws, changes in regulations and application for licenses and approvals under applicable jurisdictional laws and regulations.

ITEM 7. FINANCIAL STATEMENTS.

The consolidated financial statements are set forth on pages F-1 through F-14 hereto.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 8A. CONTROLS AND PROCEDURES.

As of December 31, 2005, under the supervision and with the participation of the Company's Chief Executive Officer and Principal Financial Officer, management has evaluated the effectiveness of the design and operations of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the

Company's disclosure controls and procedures were effective as of December 31, 2005. There have been no changes in internal control over financial reporting that occurred during the fourth 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.

ITEM 8B. OTHER INFORMATION

None

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The Directors and Executive Officers of the Company are as follows:

NAME	AGE	POSITIONS AND OFFICES HELD
Ronald S. Boreta	43	President, Chief Executive Officer, Treasurer, Secretary and Director
Vaso Boreta	71	Chairman of the Board of Directors
Robert R. Rosburg	78	Director
William Kilmer	65	Director

Except for the fact that Vaso Boreta and Ronald Boreta are father and son, respectively, there is no family relationship between any Director or Officer of the Company.

The Company does not currently have an audit committee or an "audit committee financial expert" because it is not legally required to have one and due to the limited size of the Company's operations, it is not deemed necessary. The Company presently has no compensation or nominating committee.

All Directors hold office until the next Annual Meeting of Shareholders.

Officers of the Company are elected annually by, and serve at the discretion of, the Board of Directors.

The following sets forth biographical information as to the business experience of each officer and director of the Company for at least the past five years.

RONALD S. BORETA has served as President of the Company since 1992, Chief Executive Officer (Principal Executive Officer) since August 1994, Principal Financial Officer since February 2004, and a Director since its inception in 1984. The Company has employed him since its inception in March 1984, with the exception of a 6-month period in 1985 when he was employed by a franchisee of the Company located in San Francisco, California. Prior to his employment by the Company, Mr. Boreta was an assistant golf professional at San Jose Municipal Golf Course in San Jose, California, and had worked for two years in the areas of sales and warehousing activities with a golf discount store in South San Francisco, California. Mr. Boreta devotes 90% of his time to the business of the Company.

VASO BORETA has served as Chairman of the Board of Directors since August 1994, and has been an Officer and Director of the Company since its formation in 1984. In 1974, Mr. Boreta first opened a specialty business named "Las Vegas Discount Golf & Tennis," which retailed golf and tennis equipment and accessories. He was one of the first retailers to offer pro-line golf merchandise at a discount. He also developed a major mail order catalog sales program from his original store. Mr. Boreta continues to operate his original store, which has been moved to a new location near the corner of Flamingo and Paradise roads in Las Vegas. Mr. Boreta devotes approximately ten percent of his time to the business of the Company.

ROBERT R. ROSBURG has served as a Director of the Company since August 1994. Mr. Rosburg has been a professional golfer since 1953. From 1953 to 1974 he was active on the Professional Golf Association tours, and since 1974 he has played professionally on a limited basis. Since 1975 he has been a sportscaster on ABC Sports golf tournament telecasts. Since 1985 he has also been the Director of Golf for Rams Hill Country Club in Borrego Springs, California. Mr. Rosburg received a Bachelor's Degree in Humanities from Stanford University in 1948.

WILLIAM KILMER has served as a Director of the Company since August 1994. Mr. Kilmer is a retired professional football player, having played from 1961 to 1978 for the San Francisco Forty-Niners, the New Orleans Saints and the Washington Redskins. Since 1978, he has toured as a public speaker and also has served as a television analyst. Mr. Kilmer received a Bachelor's Degree in Physical Education from the University of California at Los Angeles.

SECTION 16(A) BENEFICIAL REPORTING COMPLIANCE

Based solely on a review of Forms 3 and 4 and amendments thereto furnished to the Company during its most recent fiscal year, and Forms 5 and amendments thereto furnished to the Company with respect to its most recent fiscal year and certain written representations, no persons who were either a director, officer, beneficial owner of more than ten percent of the Company's common stock, failed to file on a timely basis reports required by Section 16(a) of the Exchange Act during the most recent fiscal year.

CODE OF ETHICS

The Company has not yet adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, due to the limited size of the Company's operations and limited financial resources. Since the resignation of the CFO in February of 2004, there have been significant accounting personnel changes. The Board of Directors may consider adopting a code of ethics in the future.

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth information regarding the executive compensation for the Company's President and each other executive officer that received compensation in excess of $100,000 for the years ended December 31, 2005, 2004 and 2003 from the Company:

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation: Awards		Long-Term Compensation: Payouts	
Name and Principal Position	Year	Salary	Bonus	Other Annual Compen-sation	Restricted Stock Award(s)	Securi-ties Underly-ing Options /SARs (Number)	LTIP Payouts	All Other Compen-sation
Ronald S. Boreta,	2005	$120,000	--	$32,027				