Idea Sports Entertainment Group, Inc.
Form 10QSB
May 16, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended: MARCH 31, 2005

Commission File Number: 0-23100

IDEA SPORTS ENTERTAINMENT GROUP, INC.
(Exact name of small business issuer as specified in its charter)

DELAWARE	22-2649848
(State of Incorporation)	(IRS Employer ID No)

800 WEST MAIN, LAKE CITY, SC 29560
(Address of principal executive office)

(843) 374-4332
(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 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 [ ].

The number of shares outstanding of registrant's common stock, par value $.0001 per share, as of April 30, 2005 was 119,098,982.

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

IDEA SPORTS ENTERTAINMENT GROUP, INC. AND SUBSIDIARIES
INDEX

IDEA SPORTS ENTERTAINMENT GROUP, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED BALANCE SHEET
MARCH 31, 2005
(UNAUDITED)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 9,088
Total current assets	9,088
Property and equipment, net	1,770
Television programs	65,458
Total assets	$ 76,316
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES	
Notes payable	$ 3,144,209
Accounts payable	213,016
Accrued expenses	30,303
Amounts payable to related parties	92,837
Accrued interest payable	355,992
Total liabilities	3,836,357
Commitments and contingencies	
STOCKHOLDERS' DEFICIT	
Preferred stock: $2.75 par value; authorized 2,000,000 shares; no shares issued and outstanding	--
Common stock: $.0001 par value; authorized 500,000,000 shares; issued 119,217,782 shares and outstanding 119,098,982 shares	11,910
Additional paid-in capital	16,706,238
Common stock warrants	66,658

Accumulated deficit	(20,544,847)
Total stockholders' deficit	(3,760,041)
Total liabilities and stockholders' deficit	$ 76,316

See accompanying notes to condensed consolidated financial statements.

IDEA SPORTS ENTERTAINMENT GROUP, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2005 AND 2004, AND THE PERIOD
FROM INCEPTION (SEPTEMBER 9, 2004) THROUGH MARCH 31, 2005
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
CONTINUING OPERATIONS		
Administrative expense	$ 152,347	$ --
Interest expense	97,489	--
LOSS FROM CONTINUING OPERATIONS	(249,836)	--
DISCONTINUED OPERATIONS		
Earnings (loss) from discontinued operations	70,242	(211,748)
Income tax benefit	--	--
NET EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS	70,242	(211,748)
NET LOSS	$ (179,594)	$ (211,748)
NET LOSS PER SHARE, BASIC AND DILUTED, FROM:		
CONTINUING OPERATIONS	$ (0.00)	$ --
DISCONTINUED OPERATIONS	0.00	(0.00)
TOTAL	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE SHARES OUTSTANDING, BASIC AND DILUTED	85,336,360	63,782,412

See accompanying notes to condensed consolidated financial statements.

(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2005 AND 2004, AND THE PERIOD
FROM INCEPTION (SEPTEMBER 9, 2004) THROUGH MARCH 31, 2005
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (179,594)	$ (211,748)
Earnings (loss) from discontinued operations	70,242	(211,748)
Loss from continuing operations	(249,836)	--
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	93	--
Accounts payable	28,382	--
Accrued expenses	126,533	--
Net cash used in continuing operations	(94,828)	--
Net cash used in discontinued operations	(163,002)	(81,667)
Net cash used in operations	(257,830)	(81,667)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of computer equipment	--	--
Net cash used in continuing operations	--	--
Net cash used in discontinued operations	--	--
Net cash used in investing activities	--	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	261,227	--
Loans from related parties	3,000	--
Cash received in acquisition of IMGI	--	--
Net cash from continuing operations	264,227	--
Net cash from discontinued operations	--	--
Net cash provided by financing activities	264,227	--
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,397	(81,667)
CASH AND CASH EQUIVALENTS, beginning of period	2,691	88,668
CASH AND CASH EQUIVALENTS, end of period	$ 9,088	$ 7,001

See accompanying notes to condensed consolidated financial statements.

IDEA SPORTS ENTERTAINMENT GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following notes to the condensed consolidated financial statements and management's discussion and analysis or plan of operation contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements may include projections or expectations of future financial or economic performance of the Company, and statements of the Company's plans and objectives for future operations. Words such as "expects", "anticipates", "approximates", "believes", "estimates", "hopes", "intends", and "plans", and variations of such words and similar expressions are intended to identify such forward-looking statements. No assurance can be given that actual results or events will not differ materially from those projected, estimated, assumed or anticipated in any such forward-looking statements. Important factors that could result in such differences, in addition to other factors noted with such forward-looking statements, include those discussed in Exhibit 99.1 filed with the Securities and Exchange Commission as an exhibit to the Company's Annual Report on Form 10-KSB for fiscal year 2002.

NOTE 1--BASIS OF PRESENTATION

The condensed consolidated financial statements include the accounts of Idea Sports Entertainment Group, Inc. (formerly Team Sports Entertainment, Inc.) and its wholly owned subsidiaries, Idea Management Group, Inc. ("IMGI"), Strategic Gaming Consultants, LLC ("Gaming") and Maxx Motorsports, Inc. ("Maxx"), and its wholly owned subsidiary, Team Racing Auto Circuit, LLC ("TRAC") (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation. IMGI and Gaming represent the continuing operations of the Company and the current development stage operations.

Idea Sports acquired IMGI and Gaming, both of which are non-operating development stage enterprises within the meaning of Statement of Financial Accounting Standards No. 7, ("SFAS No. 7") "Accounting and Reporting by Development Stage Enterprises." The Company follows the AICPA SOP 98-5, "Reporting on the Costs of Start-Up Activities" in accounting for its start-up activities. Accordingly, the costs associated with the new development stage activities have a new inception date of September 9, 2004, and all prior development stage costs associated with the discontinued automotive racing league have been transferred to accumulated deficit.

On November 8, 2004, the Company changed its name to Idea Sports Entertainment Group, Inc.

6

Maxx, through TRAC, planned to own, operate and sanction an automotive racing league designed to provide content for television and tracks while expanding the existing base of racing fans. Accordingly, the operations of the Company are presented as those of a development stage enterprise, from its inception (May 15, 2001), as prescribed by SFAS No. 7. On August 26, 2003, the Board of Directors of the Company unanimously approved a plan to immediately discontinue its racing operation. Accordingly, all prior operations from this business activity are classified as discontinued operations in the accompanying condensed consolidated financial statements.

The condensed consolidated financial statements included in this report have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission for interim reporting and include all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation. These condensed consolidated financial statements have not been audited.

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 pursuant to such rules and regulations for interim reporting. The Company believes that the disclosures contained herein are adequate to make the information presented not misleading. However, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2004, which is included in the Company's Form 10-KSB for the year ended December 31, 2004. The financial data for the interim periods presented may not necessarily reflect the results to be anticipated for the complete year.

Certain reclassifications of the amounts presented for the comparative period have been made to conform to the current presentation.

NOTE 2--GOING CONCERN

The Company has not established sources of revenue sufficient to fund the development of business, projected operating expenses and commitments for fiscal year 2005. The Company, which has been in the development stage for its planned racing operation since its inception, May 15, 2001, has accumulated a net loss of $15,054,021 through December 31, 2003. The Company has ceased its plans to begin a racing league and all operations have been discontinued. This discontinued operation had a loss of $671,289 during the year ended December 31, 2004.

Since August 26, 2003, the Company attempted to locate and negotiate with a business entity for the merger of that target business into the Company. As discussed below, the Company has acquired new development stage businesses commencing on September 9, 2004. Since September 9, 2004, the Company incurred losses in the amount of $344,616 through December 31, 2004 and a total of $594,452 through March 31, 2005. A group of the note holders have agreed to advance funds on a limited basis to allow the Company to develop a business capable of generating

revenues sufficient to fund projected operating expenses and commitments. However, there can be no assurance that the group of note holders will be able to continue to provide sufficient funding to develop the Company's current business plan.

In addition, current liabilities of the Company exceed its assets by approximately $3,760,000, and its convertible promissory notes payable obligations are in default. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

NOTE 3--ACQUISITIONS

On September 9, 2004, the Company acquired all of the issued and outstanding common stock of IMGI, a South Carolina corporation, in exchange for warrants to acquire 15,000,000 shares of the Company's common stock at an exercise price of $.10 per share. In addition, in the event IMGI generates $2,000,000 in gross revenue within 36 months of closing, the sellers of IMGI would receive additional warrants to acquire 15,000,000 shares of the Company's common stock at an exercise price of $.10. IMGI had no prior operations. Accordingly, this transaction was valued at $1,200, which was the amount the sellers of IMGI paid for IMGI's common stock.

On October 15, 2004, the Company acquired two television programs entitled "America's Top Drivers" and "Women's Racing League" in exchange for warrants to acquire 1,750,000 shares of the Company's common stock at an exercise price of $.10 per share. In addition, in the event these programs generate $2,000,000 in gross revenue within 36 months of closing, the sellers of the programs would receive additional warrants to acquire 1,750,000 shares of the Company's common stock at an exercise price of $.10. The transaction was valued at $65,458 using the Black-Scholes option pricing model.

On October 27, 2004, the Company acquired all of the issued and outstanding memberships of Gaming, a Nevada limited liability company, in exchange for warrants to acquire 750,000 shares of the Company's common stock at an exercise price of $.10 per share. In addition, in the event Gaming generates $2,000,000 in gross revenue within 36 months of closing, the sellers of Gaming would receive additional warrants to acquire 750,000 shares of the Company's common stock at an exercise price of $.10. Gaming had no prior operations and has no assets. Accordingly, the transaction was recorded with no value.

IMGI is a company devoted to the creation, development and acquisition of innovative motion pictures and television programming in the sports and family genre. These unique and commercial entertainment properties are designed to appeal to the sports enthusiast and are to be distributed domestically and internationally through both strategic partnerships with film and distribution companies, as well as, growing Internet distribution channels.

8

NOTE 4--DISCONTINUED OPERATIONS

The Company, which has been in the development stage since its inception, May 15, 2001, did not establish sources of revenue sufficient to fund the development of business and pay operating expenses, resulting in a net loss of $15,054,021 from inception through December 31, 2003. Accordingly, on August 26, 2003, the Board of

Directors of the Company unanimously approved a plan to immediately discontinue its racing operation.

The Company realized losses from its discontinued operations of $671,289 and $9,069,804 in 2004 and 2003, respectively. The loss in 2003 includes an asset impairment of $7,029,808 which includes goodwill of $2,810,627 and $4,219,181 in payments associated with the race cars. The remainder of the loss in both periods is primarily the interest expense and selling, general and administrative costs associated with attempting to implement the business plan.

In March 2005, the Company and all other parties to the litigation agreed to dismiss with prejudice all claims and counterclaims (note 9). As a result, the Company was relieved of previously recorded liabilities in the amount of $281,181. The Company recorded $210,939 in additional legal fees, which resulted in a net gain from discontinued operations of $70,242.

NOTE 5--STOCK OPTION PLANS

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25 (APB No. 25), "Accounting for Stock Issued to Employees," and related interpretations, in accounting for its stock option plan. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price.

SFAS No. 123, "Accounting for Stock Based Compensation" (SFAS No. 123), requires the Company to disclose pro forma information regarding option grants made to its employees. SFAS No. 123 specifies certain valuation techniques that produce estimated compensation charges that are included in the pro forma results below. These amounts have not been reflected in the Company's consolidated statement of operations, because APB No. 25 specifies that no compensation charge arises when the price of the employees' stock options equal the market value of the underlying stock at the grant date, as in the case of options granted to the Company employees, board of directors, advisory committee members, and consultants.

In December 2004, the FASB issued SFAS 123 (revised 2004), "Share-Based Payment" (SFAS 123(R)). Among other things, SFAS 123(R) requires expensing the fair value of stock options, previously optional accounting. For transition, upon adoption on January 1, 2006, SFAS 123(R) would require expensing any unvested options and will also require the Company to change the classification of certain tax benefits from option deductions to financing rather than operating cash flows. As of

March 31, 2005, the Company did not have any unvested options which would require adjustment upon adoption of SFAS 123(R). Adoption should have the same impact as the pro forma disclosure included under stock option plans below.

SFAS No. 123 pro forma numbers are as follows for the three months ended March 31, 2005 and 2004, and for the period from inception (September 9, 2004) through March 31, 2005:

	2005	March 31, 2004	From inception (9/9/2004 through March 31 2005
Net loss, as reported	$ (179,594)	$(211,748)	$ (594,4
Add: Stock-based employee compensation expense determined under fair value based method for all awards	--	(138,552)	
Deduct: Stock-based employee compensation included in reported net loss	--	--	
Pro forma net loss	$ (179,594)	$(350,300)	$ (594,4
Basic and diluted net loss per share:			
Pro forma	$ (.00)	$ (.01)	$ (.
As reported	$ (.00)	$ (.00)	$ (.

Under SFAS No. 123, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. In 2001, the year in which the first group of options were issued, the following weighted average assumptions were used: risk-free interest rate based on date of issuance and term between 3.83% and 4.93%, no expected dividends, a volatility factor of 138.13% and an expected life of the options of 3 to 10 years.

On April 2, 2003, the Board of Directors granted options to certain employees and directors to acquire 8,800,000 shares of the Company's common stock at prices ranging from $.42 to $1.00 per share. The options were scheduled to vest as follows: 4,500,000 on April 2, 2003, 2,210,000 on the day the 2004 racing season commences and 2,090,000 on the day the 2005 racing season commences. The following assumptions were used: risk-free interest rate of 4.67%, no expected dividends, a volatility factor of 127.59% and an expected life of the option of 1 to 2 years.

10

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, it is management's opinion that the existing models do not necessarily provide a reliable single measure of the fair value of the Company options.

NOTE 6--NOTES PAYABLE

a) In April 2003, holders of $1,645,000 of the $2,270,000 convertible notes payable agreed to extend the maturity date of their respective notes from August 31, 2003 to March 1, 2004. In addition, certain holders of the notes increased the principal amount of their notes by an aggregate amount of $765,250. A 10% loan origination fee was paid on the increased principal balances through the issuance of 306,100 shares of the Company's common stock to the holders of the notes at $.25 per share. The origination fee of $76,525 was amortized over the terms of the convertible notes payable. Notes in the aggregate principal amount of $625,000 bear interest at 8% per annum, require quarterly interest payments, and matured August 31, 2003. The remaining notes, in the aggregate principal amount of $2,410,250, bear interest at 8% per annum, require quarterly interest payments, and matured March 1, 2004. Each note is convertible into common stock of the Company at the rate of $.20 per share. The common stock issuable upon conversion of the convertible notes payable is restricted and may only be sold in compliance with Rule 144 of the Securities Act of 1933, as amended. Since the acquisition of IMGI, the note holders have loaned the Company an additional $533,959 under the same terms as the original notes. During March 2005, the Company issued 34,466,570 shares of common stock in payment of $470,000 in note principal and $97,215 in related accrued interest.

At March 31, 2005, the Company owed accrued interest on the notes of $355,925 and has not made any scheduled quarterly interest payments since May 2003. All remaining notes are currently in default and are accruing interest at the default rate of 12%, since the default occurred.

b) In September 2004, the Company issued its 8% convertible note payable in the amount of $37,500, which is payable in cash until May 1, 2005. After May 1, 2005, the note can be converted into the Company's common stock at $.04 per share.

c) In March 2005, the Company issued a note payable in the amount of $7,500 which is due on demand and is accruing interest at 8%.

NOTE 7--COMMITMENTS AND CONTINGENCIES

On August 26, 2003, when the Board of Directors of the Company discontinued racing operations, the Company was a party to the following agreements:

- Racing Car Design and Construction Agreement
- Team Sales Brokerage Agreement
- Broadcasting Agreement
- Office Lease

Management of the Company does not believe the Company has any remaining liability under these agreements. Additional detail regarding these agreements can be found in the Company's Form 10-KSB for the year ended December 31, 2004 and 2003.

NOTE 8--RELATED PARTIES

The Company has received loans and advances, principally for services, from certain individuals considered to be related parties. The amount due to these parties is as follows:

Legal fees owed G. David Gordon, attorney, creditor and stockholder	$ 89,837
Other	3,000
Total	$ 92,837

NOTE 9--LEGAL

On February 18, 2004, four Georgia shareholders filed suit in the Superior Court of Fulton County against the Company's former CEO, William G. Miller of Alpharetta, Georgia. The suit alleges breach of contract, wrongful conversion of company monies, mismanagement, breach of fiduciary duty and fraud on the part of the defendants while serving the Company in 2001 and 2002. The suit contends Idea Sport's shareholders suffered market losses in excess of $50 million. Also named in the action was Jon Pritchett, who was president of the Company while Miller was CEO.

On May 3, 2004, Miller, Pritchett and three other individuals filed several derivative and individual claims against the Company, its Directors and certain of its shareholders in the Court of Chancery of the State of Delaware in and for New Castle County, C.A. No. 413-N. The Company filed a counterclaim against Miller and Pritchett on November 24, 2004.

On March 15, 2005, all parties to the litigation agreed to dismiss with prejudice all claims and counterclaims. The final settlement is subject to court approval, which management expects to be granted.

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

The Company, which has been in the development stage for its planned racing operation since its inception, May 15, 2001, did not establish sources of revenue sufficient to fund the development of business and pay operating expenses, resulting in a net loss of $15,054,021 from inception through December 31, 2003. On August 26, 2003, the Board of Directors of the Company unanimously approved a plan to immediately discontinue its racing operation. Since August 26, 2003 and until September 9, 2004, the Company has been attempting to find a suitable acquisition candidate. On September 9, 2004, with the acquisition of IMGI, the Company ceased one development stage and commenced a new development stage operation.

IMGI, a development stage company with no prior operations, is a company devoted to the creation, development and acquisition of innovative motion pictures and television programming in the sports and family genre. These unique and commercial entertainment properties are designed to appeal to the sports enthusiast and are to be distributed domestically and internationally through both strategic partnerships with film and distribution companies, as well as, growing Internet distribution channels.

GOING CONCERN FACTORS--LIQUIDITY

The Company has not established sources of revenue sufficient to fund the development of business, projected operating expenses and commitments for fiscal year 2005. The Company, which has been in the development stage for its planned racing operation since its inception, May 15, 2001, has accumulated a net loss of $15,054,021 through December 31, 2003. The Company has ceased its plans to begin a racing league and all operations have been discontinued. This discontinued operation had a loss of $671,289 during the year ended December 31, 2004.

Since August 26, 2003, the Company attempted to locate and negotiate with a business entity for the merger of that target business into the Company. As discussed below, the Company has acquired new development stage businesses commencing on September 9, 2004. Since September 9, 2004, the Company incurred losses in the amount of $344,616 through December 31, 2004 and a total of $594,452 through March 31, 2005. A group of the note holders have agreed to advance funds on a limited basis to allow the Company to develop a business capable of generating revenues sufficient to fund projected operating expenses and commitments. However, there can be no assurance that the group of note holders will be able to continue to provide sufficient funding to develop the Company's current business plan.

In addition, current liabilities of the Company exceed its assets by approximately $3,760,000, and its convertible promissory notes payable obligations are in default. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

13

DISCONTINUED OPERATIONS

The Company, which has been in the development stage for its planned racing operation since its inception, May 15, 2001, did not establish sources of revenue sufficient to fund the development of business and pay operating expenses, resulting in a net loss of $15,054,021 from inception through December 31, 2003. As a result of the continuing losses, on August 26, 2003, the Board of Directors of the Company unanimously approved a plan to immediately discontinue its racing operation. This discontinued operation had a loss of $671,289 during the year ended December 31, 2004. While the Company does not expect any additional liability, the following agreements were in place when the Company discontinued its racing operation:

- Racing Car Design and Construction Agreement
- Team Sales Brokerage Agreement
- Broadcasting Agreement
- Office Lease

Management of the Company does not believe the Company has any remaining liability under these agreements. Additional detail regarding these agreements can be found in the Company's Form 10-KSB for the year ended December 31, 2004 and 2003.

The Company recognized income of $70,242 during the three months ended March 31, 2005, and a loss of $211,748 during the three months ended March 31, 2004, from its discontinued operations. The income in 2005 was a result of the Company being relieved of certain previously recorded liabilities when all parties agreed to dismiss with prejudice all claims and counterclaims in the litigation discussed in note 9.

CURRENT OPERATIONS

On September 9, 2004, the Company acquired all of the issued and outstanding common stock of IMGI in exchange for warrants to acquire 15,000,000 shares of the Company's common stock at an exercise price of $.10 per share. In addition, in the event IMGI generates $2,000,000 in gross revenue within 36 months of closing, the sellers of IMGI would receive additional warrants to acquire 15,000,000 shares of the Company's common stock at an exercise price of $.10.

On October 15, 2004, the Company acquired two television programs entitled "America's Top Drivers" and "Women's Racing League" in exchange for warrants to acquire 1,750,000 shares of the Company's common stock at an exercise price of $.10 per share. In addition, in the event the programs generate $2,000,000 in gross revenue within 36 months of closing, the sellers of the programs would receive additional warrants to acquire 1,750,000 shares of the Company's common stock at an exercise price of $.10.

On October 27, 2004, the Company acquired all of the issued and outstanding memberships of Gaming in exchange for warrants to acquire 750,000 shares of the Company's common stock at an exercise price of $.10 per share. In addition, in the event Gaming generates $2,000,000 in gross revenue within 36 months of closing, the sellers of Gaming would receive additional warrants to acquire 750,000 shares of the Company's common stock at an exercise price of $.10.

The Company is a concept development company that internally creates projects in the fields of professional sports, motor sports, motion pictures, animated films, publishing, television, radio, licensed merchandise, direct-to-retail videos and international entertainment for distribution into the global marketplace.

Through various exclusive partnerships and wholly-owned subsidiaries, the Company develops unique content through its internal creative team and then partners with individuals and corporations already established in the respective field or industry for which the project was created which increases the viability that the project will be successful and profitable. The Company's business model involves negotiating a revenue share agreement with its individual and corporate partners to minimize the up front development costs associated with each project that has been created which minimizes the risk associated with developing a profitable business unit for the Company.

IMGI commenced operations on September 9, 2004, and has not generated any revenue to date.

ITEM 3. CONTROLS AND PROCEDURES

The Company discontinued its planned racing operations on August 26, 2003, and subsequently terminated the majority of its employees. A third-party consultant was retained to communicate to management the disclosures required by reports that are filed under the Exchange Act.

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that are filed under the Exchange Act is accumulated and communicated to management, including the principal executive officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision of and with the participation of management, including the principal executive officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of March 31, 2005, and, based on its evaluation, our principal executive officer has concluded that these controls and procedures are effective.

(b) Changes in Internal Controls

Other than as discussed above, there have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation described above, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II--OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

During March 2005, the Company issued 34,466,570 shares of its common stock in payment of $470,000 in convertible note principal, $97,215 in accrued interest and $47,937 of reimbursable legal fees. The shares were sold pursuant to an exemption from registration under Section 4(2) promulgated under the Securities Act of 1933, as amended.

ITEM 6. EXHIBITS

(a) Exhibits--

Exhibit 31.1	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

IDEA SPORTS ENTERTAINMENT GROUP, INC.

May 11, 2005

By: /s/ William C. Morris

William C. Morris, Chief Executive Officer and principal financial and accounting officer