

LGA Holdings, INC
Form 10KSB
September 28, 2007

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

FORM 10-KSB

(Mark One)

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

For the fiscal year ended **June 30, 2007**

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

For the transition period from _____ to _____

Commission file number **0-18113**

LGA HOLDINGS, INC.

(Exact name of small business issuer in its charter)

Utah

(State or other jurisdiction of
incorporation or organization)

87-0405405

(I.R.S. Employer
Identification No.)

3380 North El Paso Street, Suite G, Colorado Springs, Colorado 80907

(Address of principal executive offices) (Zip Code)

Issuer's telephone number **(719) 630-3800**

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock

(Title of class)

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

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 No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B 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 or any amendment to this Form 10-KSB.

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

State issuer's revenues for its most recent fiscal year. \$408,707

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. August 31, 2007: \$2,532,698

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. September 19, 2007: 9,072,960

DOCUMENTS INCORPORATED BY REFERENCE

None

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

Certain statements made herein are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They include statements based on management's current expectations and estimates; actual results may differ materially due to certain risks and uncertainties. For example, the ability of Let's Go Aero, Inc. to achieve expected results may be affected by external factors such as competitive price pressures, conditions in the economy and industry growth, and internal factors, such as future financing of the acquired operations and the ability to control expenses.

PART I

Item 1. Description of Business.

LGA Holdings, Inc., ("LGA" or the "Company")) is the sole owner of its operating subsidiary, Let's Go Aero, Inc. ("Aero"). LGA acquired Aero effective June 30, 2004 through a stock for stock exchange under which the former shareholders of Aero were issued new LGA shares of common stock in exchange for all of Aero's outstanding shares and \$1,518,440 of debt. The former Aero shareholders and debt holders ended up with 85% of the outstanding common stock of LGA. Prior to the acquisition, LGA had no business or operations after having sold what business it did have October 22, 2003, several months before the acquisition of Aero. Therefore, at the time of the acquisition of Aero, LGA was what is known as a publicly held shell company. LGA changed its name to LGA, Inc. from Tenet Information Services, Inc. by a vote of shareholders on May 27, 2005, but the name was not available according to the Utah Secretary of State. By consent of shareholders owning in excess of a majority of shares, the name was changed to LGA Holdings, Inc. in October, 2005. LGA was formed on February 24, 1984.

Upon the acquisition of Aero, two of LGA's three Directors resigned and two Directors of Aero were appointed to fill those positions. The third LGA director was and is a director of both companies. In addition, all of the officers of LGA resigned and members of Aero's management team were appointed to those positions. See Item 9, below. For accounting purposes, however, the transaction was deemed to have been an acquisition of LGA by Aero. Further information on the details of the transaction can be had by reviewing LGA's Form 8-K filed July 21, 2004 and Form 8-K/A filed October 20, 2004 available at the EDGAR website of the Securities and Exchange Commission (www.sec.gov) or from LGA upon request. Copies may also be read and copied at the SEC's Public Reference Room, Headquarters Office, 100 F Street, N.E., Room 1580, Washington, DC 20549. Call (800) SEC-0330 for further information.

Let's Go Aero, Inc.

Aero, LGA's wholly owned subsidiary, is LGA's only operating business. Aero is in the business of designing and selling gear management solutions for automotive, recreation and commercial uses. Aero's family of products uses patented designs, and includes the GearWagon(R) line of Sport Performance Trailers(R), the GearSpace(TM) line of hitch-mount cargo carriers, the Silent Hitch Pin line, the LittleGiant Trailer line and the GullWing line of RV technology. Aero was formed in 1998.

Aero was founded as a product design, development and engineering company. It specializes in providing novel solutions for vehicular cargo carrying enhancements. Aero has patents issued and pending that protect its intellectual property. These patents and claims relate to how cargo can be attached and carried on a vehicle's hitch receiver, frame, or body surface. Some examples are:

- o Silent Hitch Pin(TM) rigidly couples the connection between the trailer hitch receiver and any inserted ball mount or accessory;
- o TwinTube(TM) provides a universal mounting structure for carrying gear and equipment with a receiver style hitch;
- o The fully-enclosed, encapsulated, and easy-opening designs of Aero's product enclosures for cargo safety, security, and accessibility; and
- o Extensive designs for the use of C-Channel for making "Hardpoint(TM)" attachments to Aero's carriers, trailers, and all vehicular surfaces.

Aero also has numerous product extensions and accessories that complement and expand these core technologies.

- 3 -

Aero's intellectual property has broad application in the automotive industry, and several automotive Original Equipment Manufacturers are in various stages of integrating aspects of Aero's technology into their product lines. In May, 2002, Aero licensed three pieces of its intellectual property to Sport Rack International/Valley Industries, Inc., an affiliate of Thule, AB, the largest supplier to automotive manufacturers worldwide of products similar to Aero's products. Aero's product licenses with Sport Rack International/Valley Industries, Inc. resulted in the payment to Aero of \$300,000 in 2004 and an ongoing royalty of 10% of the revenues (after \$300,000) Sport Rack generates with the technology until May, 2007. The \$300,000 is reflected in the financial statements at \$60,000 in 2006 and \$55,000 in 2007. At June 30, 2007, no further deferred licensing revenue remains to be amortized under this contract and the contract has expired. The company is presently negotiating with Sport Rack for a new contract to replace the expired one. The company anticipates that a new agreement generating royalties from Sport Rack will be reached in 2008 because Sport Rack has continued to sell Silent Hitch Pins since the contract expired, without paying royalties, and hence is infringing on our patents. However, we can give no assurance that any such new license agreement will be signed or any further royalty revenues realized. See note 4 to Financial Statements.

Aero has developed and will continue to develop intellectual property for the Automotive, RV and commercial industries. It is Aero's intent to license its technology to the industry leaders that can most effectively bring the licensed technology to market. Aero plans to license the production and sales of its products for an up-front fee and an ongoing royalty based on unit sales.

Products

Aero currently has several product lines that it has been selling for several years and other product lines that are emergent. These product lines are described as follows:

- o GearWagon 125 Sport Performance Trailers(R). Aero's GearWagon(R) line of Sport Performance Trailers(R) are designed for carrying all types of personal, recreational, and commercial gear in an aerodynamic, weather-resistant, secure and attractive transport.
- o GearSpace(TM) Carriers. The GearSpace(TM) hitch based carrier line consists of two fully enclosed cargo carrier models, GearSpace 34(TM) and GearSpace 20(TM), with three structural options to choose from for varying function while on the vehicle's hitch receiver. These designs offer versatility, security and safety.
- o SILENT HITCH PIN(TM). This anti-vibration device takes all movement out of the connection between the vehicle towing system and what's being towed or carried. In short, it freezes the attachment securely in place. It works with most consumer vehicle towing systems.
- o TwinTube(TM) System. The TwinTube(TM) ("TT(TM)") System is a patented design that was included in the technology licensed to Sport Rack International/Valley Industries, Inc. as discussed above. TwinTube(TM) is a universal mounting structure for carrying gear and equipment with a hitch receiver. TwinTube(TM) is also available as a UBI(TM) system (U-Build-It).
- o GearDeck(TM) System. Incorporating Aero's novel TwinTube(TM) technology, GearDeck(TM) is a modular carrier that functions as an open platform carrier or a fully-enclosed carrier through the use of a modular hardtop lid enclosure that is easily attached and removed. The open platform can carry bicycles, among many other large items; the full enclosure system carries all kinds of general cargo as well as items such as power generators.
- o GearCrate(TM)/LittleGiant Trailer System(TM). New design for both a stand alone recyclable shipping crate, a stand alone utility trailer and the novel function of a shipping crate that can be easily

- converted into a trailer at destination for the device being shipped; for example, ATV's, motorcycles, generators, welders, etc. The design debuted at the April, 2005, Canton Fair in Guangzhou, China.
- o GullWing(TM) camper. Derivative of Little Giant Trailer(TM). New design for personal motor sport and RV applications. The GullWing(TM) design allows a cargo trailer to convert into a new category of camping trailer. GullWing(TM) intellectual property also has application for pickup toppers and pickup campers. On October 7, 2006 the U.S. Patent and Trade Office notified LGA of its acceptance of LGA's GullWing claims, and the patent was issued on February 20, 2007. LGA is in discussions with several RV Original Equipment Manufacturers regarding the GullWing/Foldout intellectual property.
 - o TENTRIS(TM) tent and portable structure. New design for tent and portable enclosure applications.
 - o GearDeck APU(TM). New derivative of Aero's GearDeck 17 system. APU is an all-in-one electrical generator storage, transportation and organization solution designed initially for recreational vehicles. The APU system may also have application with the broader portable generator market.
 - o ONAN JUICEBOX. During 2006, Aero completed a product development effort with the Onan division of Cummins, Inc. resulting in Onan's JuiceBox product. The licensed design is based on LGA's Silent Hitch Pin, TwinTube, GearDeck and LandingGear Intellectual Property. LGA began receiving product royalties in July, 2006. During fiscal 2007, a formal licensing agreement with Onan was signed that specifies per-unit royalty payments and the precise extent of licensing rights for Onan for the life of LGA's patents. Since the signing of this agreement, revenues resulting from it have been immaterial.
 - o HARDPOINT(TM) Technology. Aero has patents issued and patents pending for the integration of C-Channel onto vehicle surfaces, including pickup truck beds, vehicle roofs and trailers. The Hardpoint(TM) system is another potential source of royalty revenue for Aero. See "Patent Protection," below.

Business History

The impetus for Aero was a 1990 concept by its principal founder for a lightweight aerodynamic trailer to carry recreational gear. This concept led to the creation of a prototype product that was tested in 1997. In the fall of 1997, work began on what came to be the GearWagon(R) line of Sport Performance Trailers(R) (SPT). Aero was incorporated in April 1998, the first GearWagon(R) SPT hit the road in July, 1998, and Aero debuted two GearWagon(R) SPT's at the Interbike Trade Show in October, 1998.

During the development of the GearWagon(R) product, several additional product opportunities became apparent. The GearWagon(R) Hardpoint(TM) system was designed using Unistrut(TM) and/or B-Line(TM) engineering C-Channel. The Hardpoint(TM) system appeared to have great promise for use in the motor vehicle and recreation vehicle industries, and Aero filed patent claims for the integration of C-Channel on vehicular surfaces in 1998. The original patent claims for Hardpoint(TM) technology were issued in 2001. Aero has also filed many continuation claims for this technology.

After the Interbike Show in the Fall of 1998, Aero began receiving orders for GearWagon(R) trailers. Medallion Plastics in Elkhart, IN, became Aero's manufacturer of GearWagon(R) trailers in January, 1999.

In early 1999, Aero joined the Specialty Equipment Market Association (SEMA). SEMA is the largest trade organization for the automotive after-market industry. Basically, SEMA is the entire automotive industry worldwide, less new vehicle sales. Aero displayed its products at SEMA's industry convention in November, 1999, as a debut to the automotive industry.

During the development of the GearWagon(R) line, the Company developed a concept for a hitch based cargo carrier line that resulted in Aero's GearSpace(TM) product line. The GearSpace(TM) 34 capsule also debuted at the 1999 SEMA convention.

Aero went on to design the Silent Hitch Pin(TM). Aero's patent application for the Silent Hitch Pin(TM), which was filed in mid-2000, was granted in May, 2003.

After the SEMA 2001 convention, Aero entered into a relationship with J.S. Chamberlain and Associates. Chamberlain and Associates has been an automotive supplier developer since the early 1960's. Through a series of meetings arranged by Chamberlain, Aero and Sport Rack International/Valley Industries, Inc. agreed to a product license for Aero's Silent Hitch Pin(TM) and Twin-Tube(TM) Technology in May, 2002.

At the SEMA 2002 convention Aero won the Best New SUV Accessory Idea from General Motors Corporation for its TwinTube(TM) carrier system. At the SEMA 2003 convention Aero won the Best New Idea award from General Motors Corporation for its GearBed surface attachment system. See "Patent Protection," below.

With the Tenet combination, Aero began redesigning and retooling its GearDeck, TwinTube, GearSpace and GearWagon products in order to meet market pricing, durability, assembly and shipping expectations. Retooled GearDeck production began in early 2005, TwinTube production began in May, 2006, GearSpace production began in June, 2006, and the company began production and shipping of the retooled GearWagon 125 product in May, 2007. Also in May, 2007, LGA began shipping its new GearCage™ hitch mounted cargo carrier. In July, 2007 (subsequent to year-end), LGA began shipments of its new LGT-7 utility trailer. LGA will be displaying these products, and others, at the 2007 SEMA show.

The Future

LGA's basic product line is now substantially complete. A full line of accessories to the basic products will be introduced during fiscal 2008. These accessories are anticipated to expand the market for LGA's basic products (e.g., soft-sided full enclosures for GearCage and LGT-7). Two new product initiatives may also occur in fiscal 2008, resources permitting. The company has patent protection on both a new hitch mounted bicycle carrier technology called "Pixie," and a new tent design technology called "Tentris." We will be looking for ways to bring these products to market. The balance of our efforts in 2008 will focus on streamlining and cost-cutting in our production and expansion of our marketing efforts. Aero's Hardpoint(TM) technology may also become a significant royalty generator for Aero in the future.

- 5 -

Aero's future focus is on market, partner and product development. There is a very large consumer market for Aero's products, and Aero's approach to this market is to enter it through partnership arrangements with large existing participants.

Aero is in discussions with various automotive and recreation vehicle Original Equipment Manufacturers for custom versions of its products and technology that compliment and extend the capabilities of the Original Equipment Manufacturers' vehicles.

Objectives and Sales

Objectives

- o To establish manufacturing, sales and marketing partners for Aero's products domestically and internationally
- o To continue product development and invention work where a clear payoff is predictable
- o To establish positive operating cash flow and earnings

Customer Direct Sales

Close to 80% of Aero's sales revenue currently comes from direct-to-customer sales that are the result of the customer finding Aero's web site. Aero has exhibited products at several trade shows over the last five years. Primarily, Aero has attended the SEMA automotive trade show that is held annually in early November in Las Vegas. Aero has also displayed its products at the Denver International Auto Show and the Denver Sportsman's Show.

Aero has promoted its products primarily through a "Public Relations" approach. As a result of these efforts, Aero has spent little on direct advertising, yet has been featured in many national magazines, newspapers, and TV and radio shows. Because Aero's product designs are novel, publishers of magazines frequently feature its products in the magazines "New Product Review" sections along with Aero's address and web site. This approach has been important to Aero's products getting discovered, while keeping its promotional expenses low.

Aero's customers also provide great leads for product sales. In addition to current owners giving Aero positive reviews to prospective new owners, Aero's products all feature its web site address on its product logo. Aero regularly gets inquiries from individuals who have seen Aero products in the field.

It is Aero's intent to establish a sales relationship with market partners or an Original Equipment Manufacturer to promote, manage and distribute its product lines for gear transport through the partners' established market channels.

Market for Products

For many years, people have been increasing their recreation time and recreation interests. This trend has spurred a dramatic increase in the purchase of sport utility vehicles (SUV's), mini-vans, and pick-up trucks. The purchase of these style vehicles reflects, in part, the consumers' perceived need for increased cargo capacity.

The installed base of receiver style hitches presents a large latent market for Aero's products. Further, Aero believes that the automotive Original Equipment Manufacturers would like to migrate the accessories currently being carried on the roofs of SUVs to the receiver hitch in order to reduce the roll-over risk of SUVs and provide consumers with more convenient cargo carrying solutions.

Competition

The sport equipment carrier market is a competitive environment with more than ten participants that are larger than Aero and have the following advantages relative to Aero:

- 6 -

Name recognition

Several competitors, like Yakima Products and Thule have established names with the public. Aero is still relatively unknown. It can take years to establish a Brand name, and Aero is at the beginning of exposing its products and brand to the public. Aero's success against these competitors can not be assured.

Product Lines

Several competitors have broad product lines compared to Aero. Aero does not participate in the roof top cargo carrier market and does not plan to participate in this market, except, potentially, in a limited way with a roof top version of its GearCage line.

In terms of product strength, Aero believes it has several distinct advantages over the competition:

- o Large cargo capacities and lightweight designs easily surpass the cargo transport capabilities of roof top products and other receiver based products currently on the market.
- o The opening systems enable Aero products to enclose space more efficiently.
- o Aero enclosed carrier products offer increased security over open carriers.
- o Aero products are safer than rooftop carriers, their primary competitors.
- o Patent filings protect Aero products' ergonomics and efficiencies.
- o Aero products' aerodynamic efficiencies reduce impact on fuel economy.
- o Multiple product offerings provide consumers with various options and price consideration.

Opening Systems

Aero's GearWagon(R) and GearSpace(TM) capsules represent a new category of container. These containers have shells that are concave so that the lids open by dropping and "nesting" under the base. This allows easy content access for customers. When closed, the shells are "self-reinforcing" and very tough.

Content Security

Aero's GearWagon(R) and GearSpace(TM) carriers are lockable and fully enclosed so the owner's gear is in a water and dust free environment. When traveling, having gear out of sight is one of the best theft-prevention steps to take. This means high-value, lightweight objects like cameras and computers can be stowed out of sight in Aero's carriers.

Safety Factor

Safety comes in many forms for Aero customers. When compared to roof-based systems, Aero carriers do not raise a vehicle's center of gravity and therefore, when compared to a similar weight on the roof of a vehicle, make the vehicle less prone to rollover.

Aero's carriers are also loaded by standing on the ground. Roof carriers are commonly loaded by standing on a running board, a doorsill or a stepladder--all precarious positions from which to be lifting and moving gear. Most roof systems are limited to 100 pounds of gear weight. Most SUV hitch receivers are rated for 500 pounds of load carrying.

Patent Protection

Starting in 1998, Aero has been diligent at protecting its technology with "utility" patent protection, which is the highest form of invention protection. Utility patents are issued for truly novel technological achievements. The method by which Aero's product capsules open, the Hardpoints(TM) used on Aero's products, the way Aero's GearSpace(TM) carrier platforms telescope and pivot, and the features of the Silent Hitch Pin(TM) are all patented aspects of Aero's products. All Aero's patents have at least 11 years remaining in their respective terms. Aero has eight issued patents and nine pending patents.

Aero has patents issued and patents pending protecting its GearBed intellectual property. Nissan Motor Company has challenged certain GearBed claims with the US Patent and Trademark Office. While Aero intends to pursue its claims vigorously, it cannot forecast the outcome of the GearBed patent review at this time.

Aerodynamic Efficiencies and Fuel Economy

It appears from informal evidence that Aero's GearWagon(R) line of Sport Performance Trailers(R) is fuel efficient. It also appears from informal evidence that Aero's GearSpace(TM) carriers have no noticeable effect on fuel economy. When used on an SUV, these carriers sit in the vehicle's draft.

Volume and Weight Advantages

Because of Aero's capsular designs, its products offer high "space-to-weight" ratios relative to other cargo carrying products currently on the market. The GearWagon(R) 125 weighs in at 480 pounds empty, encloses approximately 125 cubic feet and has a carrying capacity of 1,000 pounds. A standard "box" trailer with similar storage capability typically weighs close to 1,000 pounds empty, meaning that a fully loaded GearWagon(R) 125 weighs only 480 pounds more than a comparable empty box trailer. Aero's GearSpace(TM) line attaches to one of the strongest points on a vehicle, the hitch receiver. Aero rates its GearSpace(TM) carriers for 300 pounds of cargo carrying, which gives the owner of a standard SUV more than twice the weight carrying ability of a typical roof top box.

Manufacturing and Development

Manufacturing

Aero's focus is on product and technology development. Aero has utilized numerous vendors that have produced over 100,000 Silent Hitch Pins(TM). Aero has begun GearSpace 34 production with a Colorado based rotational molder. Aero has reduced the retail price of its GearSpace 34 by more than 25% with this production technique change. Aero has also successfully converted the production of GearWagon, with this vendor, from a thermoformed to a rotational molded design.

Aero recently began a contract manufacturing relationship with Red Horse Performance (RHP) of Shanghai, China. RHP is currently one of Aero's TwinTube(TM) and GearCage™ system vendors. Aero is evaluating RHP as a potential vendor for the Silent Hitch Pin product line and the LittleGiant product line. Aero and RHP anticipate providing LGA's designs to known industry brands under private label supply agreements.

Aero purchased its initial inventory of LGT-7 trailers from AutoTek China, and anticipates a continuing and growing supplier relationship with Autotek China. LGA and Autotek China are discussing an expanded licensing agreement whereby Autotek China would have manufacturing and worldwide sales rights to LGA's LGT technology contained in the Little Giant trailer and GearCage/GearCrate product lines. Beginning April 5, 2005, Chinese citizens can now tow lightweight trailers (under 1,500 pound load) on China's roads. Aero and AutoTek China displayed LGT's at the

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April, 2006, Canton Fair in Guangzhou, China. AutoTek China is displaying LGT at the Canton Fair starting October 15, 2007:<http://www.cantonfair.org.cn/en/index.asp> AutoTek China, one of LGA's non-exclusive manufacturing partners, can be viewed at their website:<http://www.autotekchina.com/>

- 8 -

Aero is actively engaged in specifying sources for all its assembly services, raw materials and parts in order to ensure that its products meet its quality and performance standards. All specified raw materials and parts or acceptable substitutions are available from many suppliers, and Aero does not rely on any one supplier the loss of which would cause any long term adverse consequences to Aero.

Shipping

The shipping cost of Aero's products is reasonable considering some of the products' sizes. Aero has shipped over 1,000 units from Elkhart, Indiana, to destinations throughout the United States. Aero has had few freight claims for damaged goods and believes it has the packaging adequate to properly protect the product.

Both GearWagon(R) and GearSpace(TM) products have modest final assembly requirements for the customer or dealer to complete.

Aero utilizes the shipping services of Yellow, DATS, FedEx, National, LTL, and Old Dominion among others.

Research and Development

Aero's expenditures for research and development have been \$13,779 and \$94,095 for the fiscal years ended June 30 2006 and 2007, respectively. See Management's Discussion and Analysis, below. Aero will continue product development and invention work where a clear payoff is anticipated. Aero's staff is considering numerous ways to branch and grow its current products depending on market opportunity and demand. Aero's staff continues to work on new product designs and improvements to protect and expand Aero's existing intellectual property.

Regulation

Aero has adopted all applicable standards from United States National Highway Transportation Safety Administration regulations and maintains adherence to Society of Automotive Engineers guidelines and specifications. In addition, both federal and state authorities regulate the manufacturers and sellers of recreational and family cargo transports. Aero is a licensed vehicle manufacturer in the State of Colorado and has obtained the state permits, licenses, and bonds required to operate.

Aero's products have been independently tested for impact and temperature extremes. Aero's Silent Hitch Pin(TM) and GearSpace(TM) Spine and Frame structural systems have been independently tested for load carrying strength.

Aero has had Corporate and Product Liability insurance for the last five years and has not had a product liability claim. Further, as Aero successfully licenses its designs, generally the licensee will be responsible for carrying manufacturer and product liability insurance.

Aero has registered with or obtained memberships, licenses, permits, or certificates from the following organizations and agencies:

Society of Automotive Engineers (SAE); National Highway Transportation Safety Administration (NHTSA); Dealer Section of the Department of Motor Vehicles, State of Colorado; and Specialty Equipment Market Association (SEMA).

Aero anticipates no material effects on its business from federal, state or local environmental regulation.

Employees

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Aero currently has seven full-time employees including its officers, Marty Williams, Sara Williams, and Eric Nickerson. Aero's Vice President of Engineering and Board member, Matthew Drabczyk, who is also a major LGA shareholder, works on a project basis for Aero. Aero anticipates adding sales, administrative, and production employees as needed.

- 9 -

Reports Filed with the Securities and Exchange Commission.

LGA is registered with the SEC under the Securities Exchange Act of 1934. As a registrant, LGA files annual (Form 10-KSB that contains audited financial information) and quarterly reports (Form 10-QSB that contain unaudited financial information). LGA also files proxy statements for its meetings of shareholders and reports of material current events (Form 8-K). This information may be requested or read through sources described above in this Item 1 or from the Company free of charge. The Company does not maintain copies of its Securities and Exchange Commission reports on its website, www.letsgoaero.com, because the reports are easily available at www.sec.gov. Although the Company is required to send annual reports to security holders that contain audited financial information when it solicits proxies for annual meetings of security holders, LGA has not held an annual meeting since 2004. LGA has no policy of voluntarily sending such reports to security holders.

Item 2. Description of Property.

Aero currently leases 7,500 square feet of combined office and warehouse space at its principal place of business in Colorado Springs, Colorado, that it uses for storage of some inventory and light product assembly. Aero entered into this lease in June, 2007, and expects its facilities will be sufficient for the one-year term of the lease. We expect the lease to be renewable on nearly unchanged terms should we choose to do so upon its expiration. The lease rent is \$5,500 per month. The space is currently fully built out in good condition and Aero has no plans to renovate it. Should Aero decide or be forced to move at expiration of the current lease, comparable properties both smaller and larger are available at competitive rates in the same general area as the current facilities. The current space is adequately covered by insurance.

Item 3. Legal Proceedings.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

LGA's common stock is currently thinly traded "over-the-counter" and is listed in the Pink Sheets(R) published by the National Quotation Bureau, Inc. as well as on the OTC Bulletin Board operated by the NASDAQ Stock Market, Inc. The following table sets forth the high and low bid prices for LGA's common stock for each of the quarters ending on the indicated date.

<u>Quarter Ended</u>	<u>Low Price</u>	<u>High Price</u>
September 30	.81	1.20
December 31	1.15	1.20
2006 March 31	1.15	1.40
June 30	1.10	2.25
September 30	1.00	2.95
December 31	.70	1.95
2007 March 31	1.01	1.65

June 30

1.01 1.65

The quotations reflect inter-dealer prices, without markup, markdown or commission and may not represent actual transactions. The source of prices were Yahoo.com and BigCharts.com.

The number of shareholders of record for LGA's common stock as of June 30, 2007, was 345, which include depositories and broker/dealers who hold shares of common stock in "nominee" or "street" names.

- 10 -

The following table provides information as of the most recently completed fiscal year with respect to compensation plans (including individual compensation agreements) under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,000,000	\$0.70	1,000,000
Equity plans not approved by security holders *	1,078,662	\$.63	0
Total	2,078,662	\$.66	1,000,000

Sales of Unregistered Securities

The following table sets forth information regarding recent sales of unregistered securities.

Sales of Unregistered Securities

The following table sets forth information regarding recent sales of unregistered securities.

<u>Date</u>	Shares of Common	
	Stock Sold	Aggregate Price
August 2005	43,148	\$ 29,987.86
January 2006	215,738	149,937.91
June 2006	215,000	150,500.00
December 2006	215,000	150,500.00