

LGA Holdings, INC  
Form 10KSB  
September 30, 2008

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, 2008

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  
(Address of principal executive offices)

80907  
(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.

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. \$660,151

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. September 10, 2008: \$1,144,817

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. September 10, 2008: 9,247,885

#### 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 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](http://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

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

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. 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 up-front fees and ongoing royalties 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 PIXIE™ BICYCLE CARRIER. During 2007, Aero developed and patented a new technology for bicycle carriers. Aero licensed this technology to Cequent Towing Products, a division of Trimas Corp., at the prototype stage of development, in January 2008. Aero expects to receive royalties from this license as Cequent brings products based upon this technology to market.

## 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.

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, LGA began shipments of its new LGT-7 utility trailer. Also during 2007, LGA developed and patented the Pixie™ hitch-mounted bicycle carrier.

In January 2008, the Company signed a license agreement with Cequent Towing Products, a division of Trimas Corporation (Cequent). This license gives Cequent exclusive manufacturing and sales rights to the Company's entire line of hitch-mounted cargo carriers, Silent Hitch Pin, and "Pixie" bicycle carrier, for a two-year period. Following the two-year exclusive period, Cequent retains non-exclusive rights for the life of the patents contained in these products. The agreement also contains a right of first refusal for Cequent on any license agreement that the Company may consider with other parties for the Company's GearWagon 125 and Little Giant trailer products. The agreement provides for a \$400,000 upfront fee and continuing royalties paid by Cequent to the Company for the life of the patents. Royalties are to be paid at the rate of 7% on Cequent's net revenues from sales of products containing the licensed technology. The Company anticipates that these payments will substantially alter the Company's business model going forward throughout Fiscal 2009 and beyond. The Company's revenue mix will shift proportionally away

from direct sales to distributors, dealers, and end users, toward proportionally increasing royalty and fee income into the foreseeable future. The Company plans to recognize revenue from the upfront fee on a straight-line basis

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over the two year exclusive license period. At June 30, 2008, \$100,000 of the up-front fee has been recognized, leaving \$300,000 (carried on the Balance Sheet as "Unearned Revenue") to be recognized over the next eighteen months. Royalties generated under this agreement have reached material rates of accrual as of June 30, 2008. The company anticipates that royalties from this agreement will continue to expand for the foreseeable future.

#### The Future

Aero's future focus is on market, partner and product development. There is a 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. The license with Cequent discussed above typifies that approach. We are offering licenses to all of our existing products under terms similar to the Cequent license. Royalties and other payments stemming from such licenses are currently allocated to fund continuing development of our newer ideas.

#### Objectives and Sales

##### Objectives

- o To establish manufacturing, sales and marketing 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

Historically, close to 80% of Aero's revenue has come from direct-to-end-user sales that resulted from the customer finding Aero's web site. This proportion has declined and is expected to continue declining as a result of the Cequent license and other similar licenses the company may issue in the future. We make our products available directly to consumers primarily to prove our products' market viability to potential licensing partners, such as Cequent.

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 them 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.

#### 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:

#### Name recognition

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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 participates in the roof top cargo carrier market in a limited way with a roof top version of its GearCage line and with GearBag, a full enclosure cargo bag that works well both on roof tops and as a full-enclosure accessory to GearCage.

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.
- 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® trailers, GearSpace™, and GearDeck™ 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 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 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. As a result of the Cequent license, all significant product assembly operations formerly performed in-house have been taken over by Cequent. In the future, Aero may assemble new products, some trailer accessories, and possibly the GearWagon 125 trailer, in-house.

Aero purchased its initial inventory of LGT-7 trailers from AutoTek China, and anticipates a continuing and growing supplier relationship with Autotek China for the LGT-7 and other products utilizing that core technology.

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.

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 \$94,095 and \$42,654. for the fiscal years ended June 30 2007 and 2008, respectively. See Management's Discussion and Analysis, below. Aero will continue product development and invention work where a clear payoff is anticipated. Aero is considering numerous ways to branch and grow its current products depending on market opportunity and demand. Aero 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.

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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 six 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

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.

#### 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](http://www.letsgoaero.com), because the reports are easily available at [www.sec.gov](http://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, 2008, 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 \$6,100 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.

Aero has a month-to-month lease on approximately 15,000 square feet of combined office and warehouse space, plus equipment and improvements, in Elkhart, Indiana. This facility houses the bulk of Aero's trailer inventory, plus other raw material inventories. Pursuant to the terms of the lease, the lessor employs two people at the facility who perform

sales fulfillment and inventory management functions for Aero.

Item 3. Legal Proceedings.

None

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

None.

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## 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.

	Quarter Ended	Low Price	High Price
2006	September 30	1.30	2.95
	December 31	.70	1.90
2007	March 31	1.01	1.65
	June 30	1.31	1.61
	September 30	1.45	1.65
	December 31	.51	1.50
2008	March 31	.51	.81
	June 30	.51	.51

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

The number of shareholders of record for LGA's common stock as of June 30, 2008 was 351, which include depositories and broker/dealers who hold shares of common stock in "nominee" or "street" names.

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	1,635,000	\$1.01	189,635
Equity plans not approved by security holders *	1,870,308	\$.93	0
Total	3,505,308	\$.97	189,653

#### Sales of Unregistered Securities

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

Date	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
January 2007	100,000	70,000.00
March 2007	25,000	31,250.00
April 2007	40,000	50,000.00
July 2007	40,000	50,000.00
July 2007	60,000	75,000.00
September 2007	35,350	25,100.00
January 2008	43,148	30,203.60
April 2008	30,204	21,142.80

All sales were either negotiated and approved by the Company's Board of Directors, or accomplished pursuant to an option exercise at the contracted exercise price. Each of the purchases, except those occurring in July, 2007, was made by an individual investor who was an existing shareholder. All purchasers represented that they were accredited investors as defined in the United States securities laws. The sales were exempt from registration under Section 4(2) and/or 4(6) of the Securities Act of 1933, as amended, and/or Rule 506 or Regulation D. The company is not aware of any open market purchases by affiliates.

## Item 6 – Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Selected Operating Data	Fiscal Year Ended June 30,	
	2008	2007
Revenue	660,151	408,707
Cost of revenue	417,597	261,996
S G & A (excluding Share-based compensation)	474,009	414,713
Share-based compensation	453,900	295,800
Research & Development	42,654	94,095
Embezzlement (expense), net of recoveries	(1,700)	(44,764)
Net (loss)	(741,686)	(708,180)

Year Ended June 30, 2008, compared to Year Ended June 30, 2007.

During Fiscal 2008, the Company’s revenue rose to \$660,151 compared to \$408,707 in revenue for Fiscal 2007. The increase stemmed primarily from increased inquiries generated by our website and customer referrals, from expanded royalty and fee income, and from sales of new products in 2008 that were not available in 2007. Due to the transition of our hitch-mounted product line to Cequent and to the newness of our trailer products, seasonality of our sales is difficult to detect and predict. At least through the period during which the Cequent upfront license fee will be amortized (through December 31, 2009), and perhaps beyond, we anticipate that royalty and fee income will increase as a proportion of our total revenues.

Cost of revenue for Fiscal 2008 was \$417,597 compared to \$261,996 for Fiscal 2007. Gross margin held steady at approximately 36% in both years primarily due to a slight narrowing of margins on product sales, offset by the rising proportion of royalty revenues, carrying 100% gross margins, to total revenue. The company anticipates continuing increases in the royalty proportion of total revenue for the foreseeable future.

Selling, General & Administrative expenses (excluding Share-based compensation) increased to \$474,009 for Fiscal 2008, compared to \$414,713 for Fiscal 2007. The increase is primarily attributable to increases in a broad range of overhead expenses associated with the increase in sales.

Share-based compensation (included as a component of S G & A in the accompanying Statement of Operations) is the cost to the Company of qualified and non-qualified stock options awarded during the Fiscal Year, valued in accordance with the Black-Scholes option pricing formula. The computed value of these awards totaled \$453,900 in Fiscal 2008 versus \$295,800 in Fiscal 2007. The options awarded during both years went to management personnel and non-management associates of the Company as incentive for services anticipated to be rendered beyond these periods indefinitely into the future. The value of the awards should not be considered indicative of future option award values.



Research and Development expense for Fiscal 2008 was \$42,654 compared to \$94,095 for the prior year. The decrease is attributable to reorientation of the Company's product development efforts towards improvements and accessories to our primary products, given that the relatively costly development of our primary products was substantially completed in 2007.

The Company suffered substantial embezzlement losses due to activities of a former employee during fiscal 2006 and 2007. Embezzlement expenses, net of recoveries, declined to \$1,700 during Fiscal 2008, from \$44,764 in Fiscal 2007, and we anticipate no further losses or recoveries. We have implemented internal control procedures which we believe will prevent any future losses from embezzlement.

Net loss for Fiscal 2008 increased to (\$741,686) or (\$0.08) per share compared to (\$708,180) or (\$0.08) in the prior year primarily due to the reasons discussed above.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was \$19,914 at June 30, 2008, versus \$-0- at June 30, 2007. Occasional reductions of our cash balance to \$-0-, called an "overdraft" condition, have all been for brief periods in immaterial amounts and have generated no interest expenses. The company has met all of its financial obligations in a timely manner. During Fiscal 2008, the Company used \$143,937 to fund operating activities. This negative operating cash flow was substantially less than the \$741,686 net loss in Fiscal 2008 primarily due to \$453,900 of stock-based compensation (a non-cash expense), and classification as unearned revenue of \$300,000 of the \$400,000 upfront license fee paid by Cequent.

### LGA Capital Requirements

During Fiscal 2007 and 2008, the Company raised operating capital from investors through the following transactions: In October, 2006, an affiliated investor (the Company President) loaned the Company \$60,000 on an unsecured promissory note carrying 8% annual interest, maturing June 30, 2010. Without this immediate capital infusion, the company would not have been able to continue operations in the wake of the embezzlement discussed in Note 8 to the Financial Statements. In December, 2006, an affiliated investor purchased 215,000 units, for \$150,000. Each unit was comprised of one share of restricted common stock and one 5-year warrant exercisable at \$1.00. This purchase completed the Company's existing private placement offering. In January, 2007, an unaffiliated existing shareholder exercised 100,000 options for 100,000 restricted common shares for \$70,000 or \$0.70 per share. In March, 2007, an unaffiliated investor purchased 25,000 shares of restricted common stock for \$31,250 or \$1.25 per share in a private placement. In April, 2007, an unaffiliated investor purchased 40,000 shares on the same terms, for \$50,000. In July, 2007, another unaffiliated investor purchased 60,000 shares on the same terms, for \$75,000, the April purchaser bought another 40,000 shares, again from the same offering, for \$50,000, and a director loaned the Company \$36,000 in the form of an unsecured demand note carrying 8% annual interest. In September, 2007, the January purchaser exercised options for 35,350 restricted common shares for \$24,745, and an affiliate loaned the Company \$88,056 on an unsecured note carrying 8% interest maturing December 15, 2007. No commissions were paid on these transactions. At June 30, 2008, all of the borrowings discussed above, with their accrued interest, have been paid off, excepting only the accrued interest and \$55,000 remaining principal balance on the promissory note to the Company President. These debt reductions were made possible primarily by the \$400,000 upfront license fee from Cequent, received in January, 2008. The company regards this fee as non-recurring in the ordinary course of business.

The Company reported shareholder equity of \$65,969 as of June 30, 2008, as compared with \$152,307 as of June 30, 2007.

The Company does not anticipate any need for additional equity capital infusions. We anticipate that licensing and product sales revenues, and borrowings will be sufficient to fund all of our operating activities and present growth plans. In the event that revenues fall short of our anticipation, or the Company decides to respond to expanding growth opportunities in the future, additional capital may be required. The Company cannot give any assurance that such additional capital would be available on terms acceptable to shareholders.

The Company is working on several product licensing opportunities that, if completed, have the potential to generate significant revenues beyond those figuring into our current plans. However, no assurance can be given as to whether these discussions will result in a completed transaction, nor can the Company give any assurances as to the timing or financial magnitude of these transactions.

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The Company anticipates improvement in operating margins due to the proportional shift of our revenue mix toward royalties and fees described above, and a possible reduction in SG&A as we eliminate inventory and manufacturing of products that have been licensed to Cequent. In the event that these anticipations prove mistaken, the Company can provide shareholders with no assurance that any required additional capital will be available on terms acceptable to shareholders.

Our auditor expresses substantial doubt as to the company's ability to continue as a going concern. He bases this doubt on our history of operating losses as of June 30, 2008. We have experienced negative cash flow from operations since our inception and we have expended, and expect to continue to expend, substantial funds to continue our research and development and marketing efforts. As a result, we have suffered recurring losses through June 30, 2008. Based on our current operating plans, management believes that proceeds from future revenues and future borrowings will be sufficient to meet operating needs for the foreseeable future. The actual funds that we will need to operate during this period will be determined by many factors, some of which are beyond our control. Lower than anticipated sales of our products or higher than anticipated expenses could require us to need additional financing sooner than expected. There is no assurance that we will be successful in obtaining borrowed funds or selling additional shares of common stock to the public if necessary.

While a portion of total liabilities, approximately \$55,000, is owed to present officers and/or directors, there can be no assurance that these officers/directors will not seek payment in the near term.

Inflation has not had a significant impact on the Company's operations.

Item 7. Financial Statements.

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LGA HOLDINGS, INC.

Financial Statements

June 30, 2008

(with Report of Independent Registered Public Accounting Firm Thereon)

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LGA HOLDINGS, INC.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders  
LGA Holdings, Inc.:

We have audited the accompanying balance sheets of LGA Holdings, Inc. as of June 30, 2008 and 2007, and the related statements of operations, changes in shareholders' equity, and cash flows for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Companies Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LGA Holdings, Inc. as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years ended June 30, 2008 and 2007 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred recurring operating losses since inception, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding this matter are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Cordovano and Honeck LLP  
Cordovano and Honeck LLP  
Englewood, Colorado  
September 10, 2008

## LGA HOLDINGS, INC.

## Balance Sheets

	For the Years Ended	
	June 30,	
	2008	2007
Assets		
Current assets:		
Cash	\$ 19,914	\$ —
Accounts receivable (Note 1)	85,914	9,683
Inventory, at lower cost or market (Note 3)	303,048	165,851
Prepaid expenses	4,456	20,084
Total current assets	413,332	195,618
Property and equipment, at cost, net of accumulated depreciation of \$177,320 and \$140,860 (Note 3)	119,728	135,709
Intangible assets, at cost, net of accumulated amortization of \$23,856 and \$20,501 (Note 3)	96,790	97,777
Other assets	2,686	2,606
Total assets	\$ 632,536	\$ 431,709
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank overdraft	\$ —	\$ 238
Accounts payable	57,679	93,199
Accrued payroll	39,825	123,160
Accrued interest, related party (Note 2)	7,833	2,804
Deferred revenue-current portion (Note 4)	100,000	—
Total current liabilities	205,337	219,401
Long-term liabilities:		
Loan payable (Note 3)	106,391	—
Notes payable, related party (Note 2)	55,000	60,000
Deferred revenue-noncurrent portion (Note 4)	199,839	—
Total long-term liabilities	361,230	60,000
Total liabilities	566,567	279,401
Commitments and contingencies (Note 7)	—	—
Shareholders' equity (Notes 2 and 5):		
Common stock, \$.001 par value; authorized 100,000,000 shares, issued and outstanding, 9,247,885 shares	9,182	8,973
Additional paid-in capital	2,409,204	1,754,066

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Retained deficit	(2,352,417)	(1,610,732)
Total shareholders' equity	65,969	152,307
Total liabilities and shareholders' equity	\$ 632,536	\$ 431,709

See accompanying notes to financial statements

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## LGA HOLDINGS, INC.

## Statements of Operations

	For the Years Ended June 30,	
	2008	2007
Sales and Revenue:		
Product sales	\$ 547,879	\$ 345,411
Royalty revenue (Note 4)	112,272	63,296
<b>Total sales and revenues</b>	<b>660,151</b>	<b>408,707</b>
Costs and expenses:		
Costs of sales and revenue	417,597	261,996
Research and development	42,654	94,095
General and administrative	927,909	710,513
<b>Total costs and expenses</b>	<b>1,388,161</b>	<b>1,066,604</b>
<b>Operating loss</b>	<b>(728,010)</b>	<b>(657,897)</b>
Other income (expense):		
Other income	90	229
Interest expense	(12,067)	(5,748)
Embezzlement expense, net of recoveries (Note 8)	(1,700)	(44,764)
<b>Loss before income taxes</b>	<b>(741,686)</b>	<b>(708,180)</b>
<b>Income tax provision (Notes 1 and 6)</b>	<b>—</b>	<b>—</b>
<b>Net loss</b>	<b>\$ (741,686)</b>	<b>\$ (708,180)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.08)</b>	<b>\$ (0.08)</b>
<b>Weighted average common shares outstanding</b>	<b>9,011,826</b>	<b>8,703,345</b>

See accompanying notes to financial statements

## LGA HOLDINGS, INC.

## Statement of Changes in Shareholders' Equity

	Common Stock Shares	Par Value	Additional Paid-in Capital	Retained Deficit	Total
Balance at July 1, 2006	8,592,960	\$ 8,593	\$ 1,150,918	\$ (914,612)	\$ 244,899
Adjustment for uncorrected immaterial financial statement differences (Note 9)	—	—	—	12,061	12,061
Contributed interest (Note 2)	—	—	6,478	—	6,478
Common stock options exercised at \$.70 per share (Note 5)	100,000	100	69,900	—	70,000
Sale of units at \$.70 per unit (Note 2)	215,000	215	149,785	—	150,000
Sale of common stock at \$1.25 per share (Note 5)	65,000	65	81,185	—	81,250
Stock options granted (Notes 2 and 5)	—	—	295,800	—	295,800
Net loss	—	—	—	(708,180)	(708,180)
Balance at June 30, 2007	8,972,960	8,973	1,754,066	(1,610,731)	152,308
Common stock options exercised at \$.71 per share (Note 5)	35,350	35	25,065	—	25,100
Common stock options exercised at \$.70 per share (Note 5)	73,352	73	51,274	—	51,347
Sale of common stock at \$1.25 per share (Note 5)	100,000	100	124,900	—	125,000
Stock options granted (Notes 2 and 5)	—	—	453,900	—	453,900
Adjustment (Note 5)	66,223	—	—	—	—
Net loss	—	—	—	(741,686)	(741,686)
Balance at June 30, 2008	9,247,885	\$ 9,182	\$ 2,409,204	\$ (2,352,417)	\$ 65,969

See accompanying notes to financial statements

## LGA HOLDINGS, INC.

## Statements of Cash flows

	For the Years Ended June 30,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (741,686)	\$ (708,180)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	39,815	31,638
Share-based payment (Notes 2 and 5)	453,900	295,800
Contributed interest (Note 2)	—	6,478
Changes in operating assets and liabilities:		
Receivables, inventory and other assets	(81,740)	12,243
Payables, deferred income and other liabilities	185,775	(74,235)
Net cash used in operating activities	(143,936)	(436,256)
Cash flows from investing activities:		
Purchase of equipment and other assets	(22,848)	(75,494)
Net cash used in investing activities	(22,848)	(75,494)
Cash flows from financing activities:		
Proceeds from short-term borrowing, related party (Note 2)	124,056	—
Proceeds from debt, related party (Note 2)	—	60,000
Repayment of short-term borrowing, related party (Note 2)	(124,056)	—
Repayment of short-term borrowing, other	(9,749)	—
Repayment of debt, related party (Note 2)	(5,000)	—
Proceeds from collection of stock subscription receivable (Note 5)	—	150,500
Proceeds from sale of common stock (Notes 2 and 5)	201,447	301,250
Net cash provided by financing activities	186,698	511,750
Net change in cash and cash equivalents	19,914	—
Cash and cash equivalents:		
Beginning of year	—	—
End of year	\$ 19,914	\$ —
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Income taxes	\$ —	\$ —

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Interest	\$	—	\$	—
Noncash investing and financing transactions:				
Debt converted to accrued payroll (Note 2)	\$	—	\$	106,408
Purchase of inventory with loan payable	\$	106,391	\$	—

See accompanying notes to financial statements

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