

Sports Properties Acquisition Corp.

Form 10-Q

May 15, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2009

OR

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

For the transition period from to

Commission file number 001-33918

SPORTS PROPERTIES ACQUISITION CORP.

(Exact name of registrant as specified in its charter)

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DELAWARE
(State of Incorporation)

74-3223265
(IRS Employer Identification No.)

437 MADISON AVENUE, NEW YORK, NEW YORK 10022

(Address of principal executive offices) (Zip Code)

(212) 328-2100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

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

The number of outstanding shares of the registrant's common stock on May 14, 2009 was 26,945,371 shares.

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This report contains forward-looking statements relating to future events and our future performance within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding our expectations, beliefs, intentions, or future strategies that are signified by the words, expects, anticipates, intends, believes, or similar language. Actual results could differ materially from those anticipated in such forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statements. We caution investors that our business and financial performance are subject to substantial risks and uncertainties.

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****SPORTS PROPERTIES ACQUISITION CORP.**

(a corporation in the development stage)

Balance Sheets

	March 31, 2009 (unaudited)	December 31, 2008
Assets		
Current assets		
Cash	\$ 986,456	\$ 1,233,134
Cash and cash equivalents trust account	215,009,962	215,200,539
Prepaid expenses	400,592	420,163
Deferred tax asset	106,157	
Total assets	\$ 216,503,167	\$ 216,853,836
Liabilities and stockholders equity		
Current liabilities		
Accrued expenses	\$ 102,000	\$ 260,508
Deferred underwriters fees	9,296,154	9,296,154
Due to affiliate	16,828	
Total current liabilities	9,414,982	9,556,662
Common stock , subject to possible redemption, 6,466,888 shares, at redemption value (note 1)	64,668,880	64,668,880
Commitments		
Stockholders equity		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized; none issued and outstanding		
Common stock, \$0.001 par value, 100,000,000 shares authorized; 26,945,371 shares issued and outstanding	26,945	26,945
Additional paid-in capital	141,448,369	141,448,369
Earnings accumulated during the development stage	943,991	1,152,980
Total stockholders equity	142,419,305	142,628,294
Total liabilities and stockholders equity	\$ 216,503,167	\$ 216,853,836

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The accompanying notes should be read in conjunction with the financial statements.

Table of Contents**SPORTS PROPERTIES ACQUISITION CORP.**

(a corporation in the development stage)

Statements of Operations

(unaudited)

	For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008	For the period from July 3, 2007 (Inception) to March 31, 2009
Interest income	\$ 38,799	\$ 1,322,176	\$ 3,704,344
Professional fees	75,301		947,921
Legal expense paid to related party	5,810		78,016
Franchise tax expense	171,000		329,509
Insurance expense	27,372	22,810	132,299
Administrative fees paid to affiliate	22,500	18,750	108,750
Organization costs and other operating expenses	51,962	6,607	324,329
Total expenses	353,945	48,167	1,920,824
Income (loss) before income taxes	(315,146)	1,274,009	1,783,520
Provision (benefit) for income taxes	(106,157)	472,092	839,529
Net income (loss)	\$ (208,989)	\$ 801,917	\$ 943,991
Net income (loss) per share basic and diluted	\$ (0.01)	\$ 0.04	
Weighted average shares outstanding basic and diluted	26,945,371	21,483,212	

The accompanying notes should be read in conjunction with the financial statements.

Table of Contents**SPORTS PROPERTIES ACQUISITION CORP.**

(a corporation in the development stage)

Statements of Stockholders Equity

	Common Stock Shares	Common Stock Amount \$	Additional Paid-in Capital \$	Earnings (Deficit) Accumulated During the Development Stage \$	Total Stockholders Equity \$
Balance at July 3, 2007 (Inception)		\$	\$	\$	\$
Issuance of common stock on September 12, 2007 at \$0.01 per share for cash	5,750,000	5,750	51,750		57,500
Net loss				(8,347)	(8,347)
Offering expenses contributed by affiliate			144,504		144,504
Balance at December 31, 2007	5,750,000	5,750	196,254	(8,347)	193,657
Net income				1,161,327	1,161,327
Issuance of 6,000,000 warrants on January 17, 2008 at \$1.00 per warrant for cash			6,000,000		6,000,000
Issuance of 20,000,000 units (1 share of common stock and 1 warrant) to public stockholders on January 24, 2008 at \$10 per unit for cash, net of offering costs and shares subject to redemption	20,000,000	20,000	125,576,857		125,596,857
Issuance of 1,556,300 units (1 share of common stock and 1 warrant) to public stockholders on February 1, 2008 at \$10 per unit for cash, net of offering costs	1,556,300	1,556	9,674,897		9,676,453
Forfeiture of 360,929 shares of common stock owned by founders, at no cost, on February 1, 2008, related to underwriters overallotment not being fully exercised	(360,929)	(361)	361		
Balance at December 31, 2008	26,945,371	26,945	141,448,369	1,152,980	142,628,294
Net loss - unaudited				(208,989)	(208,989)
Balance at March 31, 2009 - unaudited	26,945,371	\$ 26,945	\$ 141,448,369	\$ 943,991	\$ 142,419,305

The accompanying notes should be read in conjunction with the financial statements.

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(a corporation in the development stage)

Statements of Cash Flows

(unaudited)

	For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008	For the period from July 3, 2007 (Inception) to March 31, 2009
Cash flows from operating activities			
Net income (loss)	\$ (208,989)	\$ 801,917	\$ 943,991
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities			
Increase (decrease) in prepaid expenses	19,571	(99,741)	(400,592)
Increase in deferred tax asset	(106,157)		(106,157)
Increase (decrease) in accrued expenses	(158,508)	471,492	102,000
Organizational expenses paid by affiliate			7,703
Net cash provided by (used for) operating activities	(454,083)	1,173,668	546,945
Cash flows from investing activities			
Proceeds and earnings invested in trust account	(38,799)	(216,466,920)	(218,849,088)
Transfers from trust account to operating account	229,376		3,839,126
Net cash provided by (used for) investing activities	190,577	(216,466,920)	(215,009,962)
Cash flows from financing activities			
Proceeds from sale of stock and warrants public offering of units		215,563,000	215,563,000
Proceeds from sale of warrants private offering to founders		6,000,000	6,000,000
Payment of offering costs, net		(5,821,869)	(5,942,594)
Proceeds from (repayment of) note payable and due to affiliate	16,828	(426,510)	(228,433)
Proceeds from sale of stock private offering to founders			57,500
Net cash provided by financing activities	16,828	215,314,621	215,449,473
Net increase (decrease) in cash	(246,678)	21,369	986,456
Cash at beginning of period	1,233,134	198,250	
Cash at end of period	\$ 986,456	\$ 219,619	\$ 986,456
Supplemental schedule of non-cash financing activities			
Deferred underwriters fees	\$	\$ 9,296,154	\$ 9,296,154
Accrual of deferred offering costs		75,000	
Offering expenses contributed by affiliate		59,807	144,504

Supplemental information

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Cash paid during the period for income taxes	\$	70,000	\$	600	\$	1,430,600
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The accompanying notes should be read in conjunction with the financial statements.

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SPORTS PROPERTIES ACQUISITION CORP.

(a corporation in the development stage)

Notes to Financial Statements

March 31, 2009

Note 1 Organization and Nature of Business Operations

Sports Properties Acquisition Corp., a development stage company, (the Company) was incorporated in Delaware on July 3, 2007 for the purpose of effecting a merger, capital stock exchange, stock purchase, asset acquisition, or other similar business combination with one or more existing operating businesses in the sports and entertainment industries.

At March 31, 2009, the Company had limited operations. All activity through January 24, 2008 related to the Company's formation and public offering (the Offering) as described below, and subsequent to the Offering included efforts to identify potential Business Combination targets.

The Company's registration statement was declared effective on January 17, 2008, and the offering was closed on January 24, 2008. Upon closing of the Offering, 100% of the proceeds (\$200,000,000) of the offering was placed in a Trust Account invested until the earlier of (i) the consummation of the Company's first Business Combination or (ii) the liquidation of the Company. The proceeds in the Trust Account include the deferred underwriting discount of \$8,625,000 that will be released to the underwriters on completion of a Business Combination (subject to an approximately \$0.43 per share reduction for public stockholders who exercise their conversion rights). Interest (net of taxes) earned on assets held in the Trust Account will remain in the Trust Account. However, \$2,250,000 of the interest earned on the Trust Account (which is net of taxes payable on interest earned in the Trust Account) was released during 2008 to the Company to cover a portion of the Company's operating expenses.

On January 29, 2008, the underwriters informed the Company they had exercised the over-allotment option in part, for 1,556,300 units of the 3,000,000 total units subject to the over-allotment option, and had waived their right to exercise the over-allotment option with respect to any additional units. This transaction closed on February 1, 2008. The exercise price was \$10 per unit and resulted in net proceeds of \$15,144,744, inclusive of the deferred underwriting fees of \$671,154, which amount was placed in the Trust Account. This exercise resulted in the forfeiture of 360,929 founder shares, at no cost to the Company, leaving the founders with 5,389,071 shares, and Medallion's ownership position at 18%.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds are intended to be applied toward effecting a merger, capital stock exchange, stock purchase, asset acquisition, or other similar business combination. As used herein, a Business Combination shall mean the acquisition of one or more businesses that at the time of the Company's initial business combination have a fair value of at least 80.0% of the Company's assets held in the Trust Account (the Trust Account), excluding the deferred underwriting discounts and commissions from the offering of \$9,296,154, and taxes payable.

The Company will seek stockholder approval before it will effect any Business Combination. The Company will proceed with a Business Combination only if a majority of the shares of common stock sold as part of the units in the Offering or in the aftermarket (the Public Stockholders) are voted in favor of the Business Combination and Public Stockholders owning no more than 29.9% of the shares sold in the Public Offering vote against the Business Combination and exercise their right to convert their shares into a pro rata share of the aggregate amount then on deposit in the Trust Account (up to 6,466,888 shares at \$10 per share, or \$64,668,880), and a majority of the outstanding s