

CRYO CELL INTERNATIONAL INC

Form 10-Q

April 16, 2012

[Table of Contents](#)

# U.S. 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 February 29, 2012

☐ **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 0-23386

# CRYO-CELL INTERNATIONAL, INC.

(Exact name of Registrant as Specified in its Charter)

DELAWARE

22-3023093

# Edgar Filing: CRYO CELL INTERNATIONAL INC - Form 10-Q

(State or other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

700 Brooker Creek Blvd. Oldsmar, FL 34677

(Address of Principal Executive Offices) (Zip Code)

Issuer's phone number, including area code: (813) 749-2100

(Former name, former address and former fiscal year, if changed since last report).

Check whether the registrant (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 ☐

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 (§232.405 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 ☐ Not Applicable ☐

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 definition of "large accelerated filer," "accelerated filer" and "small 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 Exchange Act). Yes ☐ No ☒

State the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date. As of April 13, 2012, 11,853,227 shares of \$0.01 par value common stock were issued and 11,438,110 were outstanding.

**Table of Contents**

**CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>PART I FINANCIAL INFORMATION (UNAUDITED)</b>	
<b>Item 1. Financial Statements</b>	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Operations</u>	4
<u>Consolidated Statements of Cash Flows</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
<b>Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	20
<b>Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u></b>	30
<b>Item 4. <u>Controls and Procedures</u></b>	30
<b><u>PART II OTHER INFORMATION</u></b>	
<b>Item 1. <u>Legal Proceedings</u></b>	32
<b>Item 1A. <u>Risk Factors</u></b>	32
<b>Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	33
<b>Item 3. <u>Defaults Upon Senior Securities</u></b>	33
<b>Item 4. <u>Mine Safety Disclosures</u></b>	33
<b>Item 5. <u>Other Information</u></b>	33
<b>Item 6. <u>Exhibits</u></b>	34
<b><u>SIGNATURES</u></b>	35

**Table of Contents****CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	February 29, 2012 (unaudited)	November 30, 2011
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 4,320,073	\$ 6,305,095
Restricted cash	2,700,000	2,700,000
Marketable securities and other investments		1,002,000
Accounts receivable (net of allowance for doubtful accounts of \$1,020,418 and \$942,533, respectively )	3,207,994	3,059,126
Deferred tax assets	209,919	209,919
Prepaid expenses and other current assets	802,031	777,284
Total current assets	11,240,017	14,053,424
<b><u>Property and Equipment-net</u></b>	1,517,589	1,540,239
<b><u>Other Assets</u></b>		
Marketable securities and other investments	6,404	6,404
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Long-term note receivable, net	976,500	1,115,423
Deposits and other assets	557,119	558,254
Deferred tax assets, less current portion	1,509,000	1,509,000
Total other assets	3,733,023	3,873,081
Total assets	\$ 16,490,629	\$ 19,466,744
<b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 1,407,544	\$ 1,005,240
Accrued expenses	2,239,998	2,316,875
Short-term liability-revenue sharing agreement		900,000
Short-term deferred consulting obligation	45,478	72,183
Deferred revenue	6,021,238	6,269,148
Total current liabilities	9,714,258	10,563,446
<b><u>Other Liabilities</u></b>		
Deferred revenue, net of current portion	8,524,079	8,513,686
Long-term liability-revenue sharing agreements	2,850,000	2,850,000
Total other liabilities	11,374,079	11,363,686
<b>Commitments and Contingencies</b>		
<b><u>Stockholders' Deficit</u></b>		

## Edgar Filing: CRYO CELL INTERNATIONAL INC - Form 10-Q

Preferred stock (\$.01 par value, 500,000 authorized and none issued)		
Common stock (\$.01 par value, 20,000,000 authorized; 11,853,227 issued and 11,438,110 outstanding as of February 29, 2012 and 11,853,227 issued and outstanding as of November 30, 2011)		
	118,532	118,532
Additional paid-in capital	25,648,736	25,350,483
Treasury stock, at cost	(1,238,046)	(484,535)
Accumulated deficit	(29,126,930)	(27,444,868)
Total stockholders' deficit	(4,597,708)	(2,460,388)
Total liabilities and stockholders' deficit	\$ 16,490,629	\$ 19,466,744

The accompanying notes are an integral part of these consolidated financial statements.

**Table of Contents****CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES**

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months Ended	
	February 29, 2012	February 28, 2011
<b>Revenue:</b>		
Processing and storage fees	\$ 3,836,847	\$ 4,149,785
Licensee income	341,742	323,020
 Total revenue	 4,178,589	 4,472,805
<b>Costs and Expenses:</b>		
Cost of sales	1,026,903	1,161,520
Selling, general and administrative expenses	3,160,797	2,518,085
Research, development and related engineering	14,579	35,622
Depreciation and amortization	56,255	71,826
 Total costs and expenses	 4,258,534	 3,787,053
<b>Operating (Loss) Income</b>	<b>(79,945)</b>	<b>685,752</b>
<b>Other Income (Expense):</b>		
Interest income	20,414	6,632
Extinguishment of revenue sharing agreement	(1,227,390)	
Interest expense	(299,165)	(392,014)
 Total other expense	 (1,506,141)	 (385,382)
 (Loss) Income before equity in losses of affiliate and income tax expense	 (1,586,086)	 300,370
Equity in losses of affiliate	(38,832)	(28,090)
 (Loss) Income before income tax expense	 (1,624,918)	 272,280
Income tax expense	(57,145)	(38,861)
<b>Net (Loss) Income</b>	<b>\$ (1,682,063)</b>	<b>\$ 233,419</b>
 Net (loss) income per common share - basic	 \$ (0.15)	 \$ 0.02
 Weighted average common shares outstanding - basic	 11,488,980	 11,752,574
 Net (loss) income per common share - diluted	 \$ (0.15)	 \$ 0.02

## Edgar Filing: CRYO CELL INTERNATIONAL INC - Form 10-Q

Weighted average common shares outstanding - diluted	11,488,980	11,958,463
--	------------	------------

The accompanying notes are an integral part of these consolidated financial statements.

**Table of Contents****CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

	For the Three Months Ended February 29, 2012	February 28, 2011
<b>Cash Flows from Operating Activities:</b>		
Net (loss) income	\$ (1,682,063)	\$ 233,419
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization expense	110,204	126,124
Loss on sale of property and equipment		1,214
Compensatory element of stock options	259,421	59,093
Provision for doubtful accounts	135,491	37,287
Equity in losses of affiliate	38,832	28,090
Loss on extinguishment of revenue sharing agreement	1,227,390	
Changes in assets and liabilities:		
Accounts receivable	(142,967)	(305,499)
Prepaid expenses and other current assets	(24,747)	(206,627)
Deposits and other assets	5,000	6,993
Accounts payable	402,304	276,391
Accrued expenses	93,264	136,254
Deferred consulting obligation	(26,705)	(24,902)
Deferred revenue	(237,517)	(130,079)
<b>Net cash provided by operating activities</b>	<b>157,907</b>	<b>237,758</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(79,241)	(229,602)
Proceeds from sale of marketable securities and other investments	1,002,000	20,000
Investments in patents	(12,177)	(19,934)
<b>Net cash provided by (used in) investing activities</b>	<b>910,582</b>	<b>(229,536)</b>
<b>Cash flows from financing activities:</b>		
Long-term liability-revenue sharing agreement	(2,300,000)	
Treasury stock purchases	(753,511)	
<b>Net cash used in financing activities</b>	<b>(3,053,511)</b>	
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(1,985,022)</b>	<b>8,222</b>
Cash and cash equivalents - beginning of year	6,305,095	8,369,537
Cash and cash equivalents - end of period	\$ 4,320,073	\$ 8,377,759

The accompanying notes are an integral part of these consolidated financial statements.



**Table of Contents**

**CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**