

CRYO CELL INTERNATIONAL INC

Form 10-Q

July 15, 2008

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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 May 31, 2008

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

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(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 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 July 15, 2008 11,672,129 shares of \$0.01 par value common stock were outstanding net of treasury.

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

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CONSOLIDATED BALANCE SHEETS

	May 31, 2008 (unaudited)	November 30, 2007
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 3,023,040	\$ 3,364,711
Restricted cash	200,000	200,000
Marketable securities and other investments	1,125,000	1,002,810
Accounts receivable and advances (net of allowance for doubtful accounts of \$693,713 and \$625,349, respectively)	1,922,201	2,431,554
Deferred tax assets	18,000	18,000
Prepaid expenses and other current assets	814,183	570,112
Total current assets	7,102,424	7,587,187
<u>Property and Equipment-net</u>	2,849,658	3,115,581
<u>Other Assets</u>		
Marketable securities and other investments	24,494	43,200
Note receivable	87,899	80,088
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Deposits and other assets	239,223	123,653
Total other assets	1,035,616	930,941
Total assets	\$ 10,987,698	\$ 11,633,709
<u>LIABILITIES AND STOCKHOLDERS DEFICIT</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 1,374,390	\$ 1,891,601
Accrued expenses	1,219,591	1,331,170
Deferred revenue	4,115,576	4,064,035
Total current liabilities	6,709,557	7,286,806
<u>Other Liabilities</u>		
Deferred revenue	7,059,129	6,696,841
Deferred tax liabilities	18,000	18,000
Long-term liability-revenue sharing agreements	3,750,000	3,750,000
Deferred consulting obligation	425,119	472,744
Total other liabilities	11,252,248	10,937,585
<u>Stockholders Deficit</u>		
Preferred stock (\$.01 par value, 500,000 authorized and none issued)		
Common stock (\$.01 par value, 20,000,000 authorized; 11,672,129 as of May 31, 2008 and November 30, 2007 issued and outstanding)	116,721	116,721
Additional paid-in capital	24,615,153	24,410,628

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Treasury stock, at cost	(807,020)	(807,020)
Accumulated other comprehensive loss	(103,568)	(118,619)
Accumulated deficit	(30,795,393)	(30,192,392)
Total stockholders' deficit	(6,974,107)	(6,590,682)
Total liabilities and stockholders' deficit	\$ 10,987,698	\$ 11,633,709

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

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CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Revenue	\$ 4,515,491	\$ 4,449,335	\$ 8,685,807	\$ 8,623,037
Costs and Expenses:				
Cost of sales	1,620,776	1,604,307	3,065,849	3,119,407
Marketing, general & administrative expenses	3,005,845	3,982,596	5,741,085	7,239,602
Research, development and related engineering	49,081	183,776	93,782	317,340
Impairment of marketable securities	32,940		32,940	
Depreciation and amortization	95,265	132,335	201,289	266,640
Total costs and expenses	4,803,907	5,903,014	9,134,945	10,942,989
Operating Loss	(288,416)	(1,453,679)	(449,138)	(2,319,952)
Other Income (Expense):				
Interest income	46,683	82,127	94,140	158,823
Interest expense	(339,338)	(286,916)	(639,752)	(543,383)
Other income		10,419		10,419
Licensee income	282,081	264,224	464,628	552,219
Total other (expense) income	(10,574)	69,854	(80,984)	178,078
Loss before equity in losses of affiliate and income tax expense	(298,990)	(1,383,825)	(530,122)	(2,141,874)
Equity in losses of affiliate	(56,753)	(19,668)	(72,879)	(48,280)
Loss before income tax expense	(355,743)	(1,403,493)	(603,001)	(2,190,154)
Income tax expense				
Net Loss	\$ (355,743)	\$ (1,403,493)	\$ (603,001)	\$ (2,190,154)
Net loss per common share - basic	\$ (0.03)	\$ (0.12)	\$ (0.05)	\$ (0.19)
Weighted average common shares outstanding - basic	11,672,129	11,663,759	11,672,129	11,644,409
Net loss per common share - diluted	\$ (0.03)	\$ (0.12)	\$ (0.05)	\$ (0.19)
Weighted average common shares outstanding - diluted	11,672,129	11,663,759	11,672,129	11,644,409
Comprehensive loss:				
Net loss	\$ (355,743)	(1,403,493)	\$ (603,001)	\$ (2,190,154)
Unrealized gain marketable securities	(19,693)	15,279	(17,889)	17,439
Write-off unrealized loss on marketable securities	32,940		32,940	
Recognition of unrealized gain on marketable securities		(10,419)		(10,419)

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Comprehensive loss	\$ (342,496)	\$ (1,398,633)	\$ (587,950)	\$ (2,183,134)
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The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Six Months Ended	
	May 31, 2008	May 31, 2007
Cash flows from operating activities:		
Net loss	\$ (603,001)	\$ (2,190,154)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization expense	343,127	372,945
Gain on sale of marketable securities	2,057	(10,419)
Stock-based compensation	131,646	122,702
Provision for doubtful accounts	136,331	280,729
Equity in losses of affiliate	72,879	48,280
Changes in assets and liabilities:		
Accounts receivable and advances	373,022	(1,073,648)
Note receivable	(7,811)	13,150
Prepaid expenses and other current assets	(244,071)	(218,213)
Deposits and other assets	(115,570)	(12,039)
Accounts payable	(517,211)	316,468
Accrued expenses	(111,579)	(691,063)
Deferred consulting obligation	(47,625)	(41,181)
Deferred revenue	413,829	749,048
Net cash used in operating activities	(173,977)	(2,333,395)
Cash flows from investing activities:		
Purchases of property and equipment	(77,204)	(495,321)
Purchase of marketable securities and other investments	(1,125,000)	(1,001,993)
Impairment of marketable securities	32,940	
Proceeds from sale of marketable securities	1,001,570	1,000,000