

CRYO CELL INTERNATIONAL INC
Form 10-Q
October 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 August 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 October 13, 2008 11,750,543 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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Table of Contents**CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****ASSETS**

	August 31, 2008 (unaudited)	November 30, 2007
<u>Current Assets</u>		
Cash and cash equivalents	\$ 3,304,465	\$ 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 \$740,038 and \$625,349, respectively)	1,824,089	2,431,554
Deferred tax assets	18,000	18,000
Prepaid expenses and other current assets	664,460	570,112
Total current assets	7,136,015	7,587,187
<u>Property and Equipment-net</u>	2,719,644	3,115,581
<u>Other Assets</u>		
Marketable securities and other investments	11,880	43,200
Note receivable	88,655	80,088
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Deposits and other assets	280,644	123,653
Total other assets	1,065,179	930,941
Total assets	\$ 10,920,839	\$ 11,633,709
<u>LIABILITIES AND STOCKHOLDERS DEFICIT</u>		
<u>Current Liabilities</u>		
Accounts payable	1,056,659	\$ 1,891,601
Accrued expenses	1,273,168	1,331,170
Deferred revenue	4,522,938	4,064,035
Total current liabilities	6,852,765	7,286,806
<u>Other Liabilities</u>		
Deferred revenue	6,970,469	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	404,154	472,744
Total other liabilities	11,142,623	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; 11,750,543 as of August 31, 2008 and 11,672,129 as of November 30, 2007 issued and outstanding)	117,505	116,721
Additional paid-in capital	24,636,699	24,410,628

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Treasury stock, at cost	(807,020)	(807,020)
Accumulated other comprehensive loss	(94,056)	(118,619)
Accumulated deficit	(30,927,677)	(30,192,392)
Total stockholders' deficit	(7,074,549)	(6,590,682)
Total liabilities and stockholders' deficit	\$ 10,920,839	\$ 11,633,709

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 AND COMPREHENSIVE LOSS**

(unaudited)

	Three Months Ended		Nine Months Ended	
	August 31,	August 31,	August 31,	August 31,
	2008	2007	2008	2007
Revenue	\$ 4,458,024	\$ 4,550,128	\$ 13,143,831	\$ 13,173,166
Costs and Expenses:				
Cost of sales	1,624,431	1,668,211	4,690,280	4,787,618
Marketing, general & administrative expenses	2,730,268	3,595,890	8,471,353	10,835,492
Research, development and related engineering	67,819	163,402	161,601	480,742
Impairment of marketable securities	22,126		55,066	
Depreciation and amortization	97,869	134,739	299,159	401,379
Total costs and expenses	4,542,514	5,562,242	13,677,459	16,505,231
Operating Loss	(84,490)	(1,012,114)	(533,628)	(3,332,065)
Other Income (Expense):				
Interest income	22,432	67,607	116,572	226,431
Interest expense	(348,829)	(304,020)	(988,581)	(847,402)
Other income				10,419
Licensee income	293,007	226,300	757,635	778,519
Total other (expense) income	(33,391)	(10,113)	(114,374)	167,967
Loss before equity in losses of affiliate and income tax expense	(117,881)	(1,022,227)	(648,002)	(3,164,098)
Equity in losses of affiliate	(71,427)	(125,684)	(144,306)	(173,964)
Loss before income tax expense	(189,308)	(1,147,911)	(792,308)	(3,338,062)
Income tax expense				
Net Loss	\$ (189,308)	\$ (1,147,911)	\$ (792,308)	\$ (3,338,062)
Net loss per common share - basic	\$ (0.02)	\$ (0.10)	\$ (0.07)	\$ (0.29)
Weighted average common shares outstanding - basic	11,680,652	11,669,629	11,674,980	11,652,877
Net loss per common share - diluted	\$ (0.02)	\$ (0.10)	\$ (0.07)	\$ (0.29)
Weighted average common shares outstanding - diluted	11,680,652	11,669,629	11,674,980	11,652,877
Comprehensive loss:				
Net loss	\$ (189,308)	(1,147,911)	\$ (792,308)	(3,338,062)
Unrealized (loss) gain marketable securities	(12,614)	(3,780)	(30,503)	3,240
Write-off unrealized loss on marketable securities	22,126		55,066	
Recognition of unrealized gain on marketable securities				10,419

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Comprehensive loss	\$ (179,796)	\$ (1,151,691)	\$ (767,745)	\$ (3,324,403)
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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)

	Nine Months Ended	
	August 31, 2008	August 31, 2007
Cash flows from operating activities:		
Net loss	\$ (792,308)	\$ (3,338,062)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization expense	511,307	557,889
Loss(gain) on sale of marketable securities	2,057	(10,419)
Stock-based compensation	153,010	193,530
Provision for doubtful accounts	233,824	341,875
Impairment of marketable securities	55,066	
Equity in losses of affiliate	144,306	173,965
Changes in assets and liabilities:		
Accounts receivable and advances	373,641	(1,173,345)
Note receivable	(8,567)	13,151
Prepaid expenses and other current assets	(94,348)	(168,342)
Deposits and other assets	(156,991)	(12,039)
Accounts payable	(834,942)	(9,944)
Accrued expenses	(72,790)	(674,341)
Deferred consulting obligation	(68,590)	(63,959)
Deferred revenue	732,529	1,086,633
Net cash provided by (used in) operating activities	177,203	(3,083,408)
Cash flows from investing activities:		
Purchases of property and equipment	(115,370)	(605,873)
Purchase of marketable securities and other investments	(1,125,000)	(1,001,993)
Proceeds from sale of marketable securities	1,001,570	1,000,000
Net cash used in investing activities	(238,800)	(607,866)