

CRYO CELL INTERNATIONAL INC
Form 10-Q
October 15, 2009
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 August 31, 2009

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 October 15, 2009 11,752,574 shares of \$0.01 par value common stock were outstanding net of treasury.

Table of Contents

CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

	PAGE
PART I - FINANCIAL INFORMATION (UNAUDITED)	
Item 1. Financial Statements	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	4
<u>Consolidated Statements of Cash Flows</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	25
<u>Item 4. Controls and Procedures</u>	26
PART II - OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	27
<u>Item 1A. Risk Factors</u>	27
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	27
<u>Item 3. Defaults Upon Senior Securities</u>	27
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	27
<u>Item 5. Other Information</u>	28
<u>Item 6. Exhibits</u>	29
<u>SIGNATURES</u>	30

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

	August 31, 2009 (unaudited)	November 30, 2008
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 6,585,710	\$ 3,566,366
Restricted cash	200,000	200,000
Marketable securities and other investments	960,000	1,125,000
Accounts receivable and advances (net of allowance for doubtful accounts of \$1,160,498 and \$766,524, respectively)	1,885,494	1,906,715
Deferred tax assets	21,000	21,000
Prepaid expenses and other current assets	743,136	521,041
Total current assets	10,395,340	7,340,122
<u>Property and Equipment-net</u>	2,346,947	2,570,597
<u>Other Assets</u>		
Marketable securities and other investments	6,404	6,404
Note receivable	91,758	89,411
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Deposits and other assets	348,118	282,122
Total other assets	1,130,280	1,061,937
Total assets	\$ 13,872,567	\$ 10,972,656

LIABILITIES AND STOCKHOLDERS' DEFICIT

<u>Current Liabilities</u>		
Accounts payable	\$ 919,474	\$ 835,670
Accrued expenses	1,640,153	1,226,045
Deferred revenue	5,055,107	4,609,291
Total current liabilities	7,614,734	6,671,006
<u>Other Liabilities</u>		
Deferred revenue	7,265,320	7,126,257
Deferred tax liabilities	21,000	21,000
Long-term liability-revenue sharing agreements	3,750,000	3,750,000
Deferred consulting obligation	313,061	382,847
Total other liabilities	11,349,381	11,280,104

Commitments and Contingencies (Note 3)

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

Stockholders' Deficit

Preferred stock (\$.01 par value, 500,000 authorized and none issued)		
Common stock (\$.01 par value, 20,000,000 authorized; 11,752,574 as of August 31, 2009 and 11,750,543 as of November 30, 2008 issued and outstanding)	117,526	117,505
Additional paid-in capital	24,544,370	24,682,328
Treasury stock, at cost	(484,535)	(807,020)
Accumulated other comprehensive loss	(94,055)	(94,055)
Accumulated deficit	(29,174,854)	(30,877,212)
Total stockholders' deficit	(5,091,548)	(6,978,454)
Total liabilities and stockholders' deficit	\$ 13,872,567	\$ 10,972,656

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 INCOME (LOSS)****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	August 31,	August 31,	August 31,	August 31,
	2009	2008 (1)	2009	2008 (1)
Revenue	\$ 4,208,335	\$ 4,458,024	\$ 12,315,196	\$ 13,143,831
Costs and Expenses:				
Cost of sales	1,229,920	1,624,431	3,514,952	4,690,280
Marketing, general and administrative expenses	2,336,882	2,730,268	6,649,926	8,471,353
Research, development and related engineering	27,794	67,819	86,114	161,601
Impairment of marketable securities		22,126		55,066
Depreciation and amortization	99,426	97,869	293,884	299,159
Total costs and expenses	3,694,022	4,542,514	10,544,876	13,677,459
Operating Income (Loss)	514,313	(84,490)	1,770,320	(533,628)
Other (Expense) Income:				
Interest income	19,332	22,432	57,076	116,572
Interest expense	(376,677)	(348,829)	(1,064,500)	(988,581)
Licensee income	353,768	340,810	1,161,973	845,042
Total other (expense) income	(3,577)	14,412	154,549	(26,967)
Income (loss) before equity in losses of affiliate and income tax expense	510,736	(70,078)	1,924,869	(560,595)
Equity in losses of affiliate	(32,146)	(71,427)	(95,793)	(144,306)
Income (loss) before income tax expense	478,590	(141,505)	1,829,076	(704,901)
Income tax expense - foreign	(43,866)	(47,803)	(126,718)	(87,407)
Net Income (Loss)	\$ 434,724	\$ (189,308)	\$ 1,702,358	\$ (792,308)
Net income (loss) per common share - basic	\$ 0.04	\$ (0.02)	\$ 0.14	\$ (0.07)
Weighted average common shares outstanding - basic	11,751,029	11,680,652	11,750,706	11,674,980
Net income (loss) per common share - diluted	\$ 0.04	\$ (0.02)	\$ 0.14	\$ (0.07)
Weighted average common shares outstanding - diluted	11,825,726	11,680,652	11,779,768	11,674,980

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

Comprehensive income (loss):

Net income (loss)	\$ 434,724	\$ (189,308)	\$ 1,702,358	\$ (792,308)
Unrealized loss on marketable securities		(12,614)		(30,503)
Write-off unrealized loss on marketable securities		22,126		55,066

Comprehensive income (loss)	\$ 434,724	\$ (179,796)	\$ 1,702,358	\$ (767,745)
-----------------------------	------------	--------------	--------------	--------------

(1) See Note, 1, Income Taxes.

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 Nine Months Ended	
	August 31,	August 31,
	2009	2008
Cash Flows from Operating Activities:		
Net Income (loss)	\$ 1,702,358	\$ (792,308)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	506,824	511,307
Loss on sale of marketable securities		2,057
Compensatory element of stock options	89,892	153,010
Provision for doubtful accounts	387,047	233,824
Impairment of marketable securities		55,066
Equity in losses of affiliate	95,793	