

DAXOR CORP
Form N-CSR/A
March 07, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM N-CSR/A

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

INVESTMENT COMPANY ACT FILE NUMBER 811-22684

DAXOR CORPORATION

(Exact name of registrant as specified in charter)

350 Fifth Avenue

Suite 4740

New York, NY 10118

(Address of principal executive offices) (Zip code)

Michael Feldschuh

350 Fifth Avenue

Suite 4740

New York, NY 10118

(Name and address of agent for service)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 1-212-330-8500

DATE OF FISCAL YEAR END: DECEMBER 31

DATE OF REPORTING PERIOD: JANUARY 1, 2017 to DECEMBER 31, 2017

Explanatory Note

On February 27, 2018 WithumSmith + Brown, PC issued to the Company's Stockholders and Board of Directors an audit report for the Company's December 31, 2017 financial statements. The scope of the audit report included the statement of assets and liabilities and related statements of operations, change in net assets, cash flows, financial highlights and the related notes for the year then ended.

On March 6, 2018 WithumSmith + Brown, PC notified the Company that the previously issued audit report's language was inadequate. The report did not reference the prior year statement of net assets and financial highlights and that the financial highlights prior to December 31, 2016 were audited by another registered public accounting firm. The amended audit report addresses these issues. The date of the amended audit report did not change.

The audit opinion expressed by WithumSmith + Brown, PC in the amended audit report did not change from the original audit report.

Item 1. Report to Shareholders

Daxor Corporation

**Financial Statements
For the Period Ended
December 31, 2017**

Table of Contents

Title	Page
<u>Shareholder Letter</u>	1 – 3
<u>Schedule of Investments</u>	4 – 7
<u>Summary of Options</u>	8
<u>Statement of Assets and Liabilities</u>	9
<u>Statement of Operations</u>	10
<u>Statements of Changes in Net Assets</u>	11
<u>Statement of Cash Flows</u>	12
<u>Financial Highlights</u>	13 – 14
<u>Notes to Financial Statements</u>	15 – 27
<u>Report of Independent Public Accounting Firm</u>	28
<u>Supplemental Data</u>	29
<u>General</u>	29
<u>Privacy Policy</u>	30
<u>About the Company's Directors and Officers</u>	31

ITEM 1

Daxor Corporation

February 27, 2018

Dear Fellow Shareholder:

Daxor Corporation is an investment company with medical instrumentation and biotechnology operations. We have attached a report of our portfolio holdings and investment activity for the year ended December 31, 2017. Please review this information carefully. Daxor has been reporting as an investment company under the Investment Company Act of 1940 since January 1, 2012.

Daxor has been actively engaged in a program of increasing operating efficiency and efforts to focus its marketing and sales efforts in its operating division on its key products in the blood volume measurement field. The year over year loss of the operating company has fallen while our kit sales have risen, reflecting the increasing value of our technology and marketing efforts. In the area of cardiology usage, our sales have risen over 25% year over year driven by increasing awareness of the value of blood volume analysis to improve heart failure outcomes through reduced mortality and reduced readmissions.

Management believes strongly that the technology of the operating company is significantly superior to current medical practices for detecting blood volume derangements and with proper physician education and outreach the adoption of our device should grow significantly. In addition to the company's own sales force, management also seeks to grow the business through strategic partnerships with other health care companies. Daxor continues to invest in further research and development as has an active development program focused on the next generation of our products. The company has filed new patents relating to its key technology of blood volume measurement and has an active R&D pipeline that is set for further innovations in 2018. Years of efforts in this area are bearing fruit in the form of both intellectual property and next generation design for our technologies which promise to make our product faster, easier, and more valuable to clinicians.

The company also continues to explore the possibility of partnering with another company with the appropriate scientific expertise and financial assets to begin a more aggressive marketing program even as we have our own development underway. Management believes the potential benefits for an acquiring or partnering company are

significant because of our intellectual property as well as the technologic superiority of our device paired with our growing patent portfolio.

The Company's investment policy is to maintain a minimum of 80% of its portfolio in electric utilities (currently 84.7%). The Board of Directors has authorized this minimum to be temporarily lowered to 70% when management deems it to be necessary or advisable. Investments in non-utility stocks will generally not exceed 20% of the value of the portfolio. The company has benefited from the benign interest rate environment and dividends which have added to our bottom line, however a strong move in the long end of the yield curve represents a risk of loss to the company's investment strategy. The company has written covered calls on some of its interest-bearing stocks; however this risk has not been completely removed by such hedging activity and year-end market volatility relating to interest rate uncertainty continues to be a driver of portfolio profit and loss swings.

The Company also engages in the short selling of stock and uncovered calls. When this occurs, the short position is marked to market, and this adjustment is recorded as an unrealized gain or loss in the statement of operations. The Company uses historical cost to determine all gains and losses. The fair market value is readily obtainable because all of the Company's marketable securities are classified as Level 1.

The Company also uses options as follows in order to increase yearly investment income:

The use of "Call" Options. Covered options can be sold up to a maximum of 20% of the value of the portfolio. This provides extra income in addition to dividends received from the Company's investments. The risk of this strategy is that investments may be called away, which the Company may have preferred to retain. Therefore, a limitation of 20% is placed on the amount of stock on which options can be written. The amount of the portfolio on which options are actually written is usually between 3-10% of the portfolio. The historical turnover of the portfolio is such that the average holding period is in excess of ten years for our securities.

The use of "Put" options. Put options are written on stocks which the Company is willing to purchase. While the Company does not have a high rate of turnover in its portfolio, there is some turnover; for example, due to preferred stocks being called back by the issuing Company, or stocks being called away because call options have been written. If the stock does not go below the put exercise price, the Company records the proceeds from the sale as income. If the put is exercised, the cost basis is reduced by the proceeds received from the sale of the put option. There may be occasions where the cost basis of the stock is lower than the market price at the time the option is exercised.

Speculative Short Sales/Short Options. The Company normally limits its speculative transactions to no more than 15% of the value of the portfolio. The Company may sell uncovered calls on certain stocks. If the stock price does not rise to the price of the call, the option is not exercised and the Company records the proceeds from the sale of the call as income. If the call is exercised, the Company will have a short position in the related stock. The Company then has the choice of covering the short position, or selling a put against it. If the put is exercised, then the short position is covered. The Company's current accounting policy is to mark to market at the end of each quarter any short positions and include it in the income statement. While the Company may have speculative positions equal to 15% of its accounts, in actual practice the net short stock positions usually account for less than 10% of the assets of the Company.

Daxor has been reporting as an investment company under the Investment Company Act of 1940 since January 1, 2012.

At December 31, 2017, the Company had net assets of \$13,757,621 or \$3.68 per share versus net assets of \$15,344,309 or \$4.04 per share at December 31, 2016. The Company had net dividend income of \$533,846, net realized gains from investments of \$476,911, net realized gains from options of \$342,109, and a net change in the unrealized appreciation on investments, options and securities borrowed of \$722,438. These amounts were offset by realized losses on the sale of short positions of \$690,627 and realized losses from the operating division of \$2,140,866. The total realized and unrealized loss on investments and investment in operating division for the year ending on December 31, 2017 was \$1,490,035.

The Company has focused primarily on its operating company operations and reduced its dependence on income from short term stock market investing from prior years but still generates considerable income from dividends received

and covered options written. Because of its investing program, the SEC currently classifies Daxor as an investment company, and we understand why the SEC has required the Company to be designated as such, however our primary focus has always been on our operational objectives. The Company anticipates that as income from operations increases that it will, at a future time, request a change back to its previous designation as an operating company and report accordingly.

In addition to being selected by several clinical trials for inclusion as a metric of outcome in the past year and in future trials beginning in 2018, the company will seek to expand its use to further prove its value. The company has also seen remarkable research published using the BVA-100 device in the past year and anticipates that studies underway or in the planning stages will potentially yield more exciting research and clinical benefits from its use.

The strong trend of healthcare is toward individualized care and cost-effectiveness. Our instrument is a non-invasive, inexpensive, and rapid solution to the problem of how to accurately manage the fluid levels of patients, whether it is in the heart failure clinic or the ICU, and studies published and presented are proving just how exciting the potential for this approach is. Reducing mortality, lowering complications, reducing hospital resource use and length of stay with a non-invasive and 98% accurate test is achievable with our patented technology, and we are working hard to get that message out.

Any shareholder who is interested in learning more about our medical instrumentation and biotechnology operations should visit our website at www.daxor.com for more detailed information. We periodically issue press releases regarding research reports and placements of the BVA-100 Blood Volume Analyzer in hospitals.

Go Paperless with E-Delivery

In order to sign up for electronic delivery of shareholder reports and prospectuses, please send an email to info@daxor.com. If you do not hold your account directly with Daxor, please contact the firm that holds your account about electronic delivery.

Cordially Yours,

Michael Feldschuh

CEO and President

Daxor Corporation**Schedule of Investments****December 31, 2017**

	Shares	Fair Value
COMMON STOCKS (United States) - 87.41%		
Banking - 0.50%		
KeyCorp	3,400	\$68,578
Investment Services - 0.01%		
Motors Liquidation Company GUC Trust	100	\$935
Materials - 2.91%		
Direxion Daily Gold Miners Bull 3X ETF	2,925	\$92,722
Enbridge Inc.	7,872	307,874
		\$400,596
Utilities - 83.99%		
Electric Utilities - 83.17%		
American Electric Power Company, Inc.	5,000	367,850
Avangrid, Inc.	7,000	354,060
Avista Corporation	7,000	360,430
CenterPoint Energy, Inc.	1,000	28,360
Centrus Energy Corp.	1	4
CMS Energy Corporation	16,000	756,800
DTE Energy Company	16,700	1,827,982
Edison International	4,000	252,960
Energy Corporation	5,500	447,645
Eversource Energy	20,000	1,263,600
Exelon Corporation	18,300	721,203
FirstEnergy Corp.	36,500	1,117,630
Great Plains Energy Incorporate	1,500	48,360
National Grid plc ADR	8,707	512,059
NiSource Inc.	19,000	487,730
PG&E Corporation	5,000	224,150
Pinnacle West Capital Corporation	3,000	255,540
PNM Resources, Inc.	31,800	1,286,310
WEC Energy Group, Inc.	1,128	74,933
Westar Energy, Inc.	14,500	765,600
Xcel Energy Inc.	6,000	288,660
		\$11,441,866

Natural Gas Utilities - 0.82%		
United States National Gas	5,625	32,794
Southwest Gas Holdings, Inc.	1,000	80,480
		\$113,274
Total Utilities		\$11,555,140
Total Common Stock (Cost \$3,990,062) - 87.41%		\$12,025,249

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

Daxor Corporation**Schedule of Investments (Continued)****December 31, 2017**

	Shares	Fair Value
Preferred Stocks (United States) - 8.82%		
Banking - 6.16%		
Bank of America Corp 7.250% Series L	300	395,700
Barclays Bank PLC ADR, 8.125% Series 5 Callable	2,500	66,675
Deutsche Bank Contingent Capital Trust III Preferred, Div 7.60%	10,000	257,000
Goldman Sachs Group, 6.20 % Series B Callable	1,000	25,880
Wells Fargo Company, 8.00% Series J Non-Cumulative	4,000	102,600
		\$847,855
Electric Utilities - 2.66%		
Pacific Gas & Electric, 6% Series A	4,200	118,440
Pacific Gas & Electric, 5% Series D	1,000	24,150
Pacific Gas & Electric, 5% Series E	1,100	27,115
Southern California Edison, 4.32% Callable	5,500	132,550
Southern California Edison, 4.78% Callable	2,500	63,550
		\$365,805
Total Preferred Stock (Cost \$767,084) - 8.82%		\$1,213,660
Total Investment in Securities (Cost \$4,757,146) - 96.23%		\$13,238,909
Investment in Operating Division (Cost \$3,547,013)(United States) - 35.62%		\$4,900,000
Receivable from Broker-Restricted Cash - 7.92%		\$1,089,220
Other Assets - 0.60%		\$83,049
Total Assets - 140.37%		\$19,311,178
Total Liabilities - 40.37%		(5,553,557)
Net Assets - 100.00%		\$13,757,621

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

Daxor Corporation
Schedule of Investments (Continued)
December 31, 2017

At December 31, 2017, the net unrealized appreciation on investment in securities, options and securities borrowed of \$8,088,575 was composed of the following:

Net unrealized appreciation on investment in securities	\$8,481,763
Net unrealized (depreciation) on securities borrowed	(387,285)
Net unrealized (depreciation) on options borrowed	(5,903)
Net unrealized appreciation on investment in securities, securities and options borrowed	\$8,088,575

At December 31, 2017, the net unrealized appreciation on investment in operating division was composed of the following:

Net unrealized appreciation on investment in operating division \$1,352,987

Portfolio Analysis

December 31, 2017

	Percentage of Net Assets	
Common Stock (United States)		
Banking	0.50	%
Investment Services	0.01	%
Materials	2.91	%
Electric Utilities	83.17	%
Natural Gas Utilities	0.82	%
Total Common Stock	87.41	%
Preferred Stock (United States)		
Banking	6.16	%
Electric Utilities	2.66	%
Total Preferred Stock	8.82	%

Total Investment in Securities 96.23 %

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

6

Daxor Corporation
Schedule of Investments (Continued)
December 31, 2017

Name of Issuer	Number of Shares in Short Position at December 31, 2017	Fair Value of Short Position at December 31, 2017
Securities Borrowed at Fair Value (United States) - (7.95%)		
KB Home	(2,500)	\$(79,875)
Simon Property Group, Inc.	(5,000)	(858,700)
Tesla, Inc.	(500)	(155,675)
Securities Borrowed at Fair Value (proceeds \$706,965) - (7.95%)		\$(1,094,250)
Restricted Cash - 7.92%		1,089,220
Net of Securities Borrowed at Fair Value, less Restricted Cash -(0.04%)		\$(5,030)

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

Daxor Corporation
Summary of Options
December 31, 2017

Open Options Written (United States) - (0.16%)

Call Options Written (United States) - (0.05%)

DESCRIPTION	NUMBER OF UNITS	STRIKE PRICE	EXPIRATION DATE	FAIR VALUE
DTE Energy Company	(30)	115.00	1/19/2018	\$(177)
Eversource Energy	(20)	65.00	1/19/2018	(285)
Exelon Corporation	(40)	43.00	1/19/2018	(200)
FirstEnergy Corp.	(25)	33.00	1/19/2018	(49)
Keycorp	(34)	19.00	3/16/2018	(5,543)
Total Call Options Written (proceeds \$10,161)				\$(6,254)

Put Options Written (United States - (0.11 %))

DESCRIPTION	NUMBER OF UNITS	STRIKE PRICE	EXPIRATION DATE	FAIR VALUE
General Electric Company	(25)	17.00	1/19/2018	\$(455)
PG&E Corporation	(25)	50.00	3/16/2018	(14,653)
Simon Property Group, Inc.	(10)	145.00	1/19/2018	(75)
Total Put Options Written (proceeds \$5,372)				\$(15,183)
Total Call and Put Options Written (proceeds \$15,533)				\$(21,437)

Margin loans payable - (31.51%) (4,334,552)

Securities borrowed at fair value (proceeds \$706,965) - (1,094,250)
(7.95%)

Other Liabilities - (0.75%)