

CRYO CELL INTERNATIONAL INC  
Form 10-Q  
April 15, 2019

**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 28, 2019**

**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**  
**(State or other Jurisdiction of**  
**Incorporation or Organization)**

**22-3023093**  
**(I.R.S. Employer**  
**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, a smaller reporting company, or an emerging growth company. See definition of large accelerated filer, accelerated filer, small reporting company and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 10, 2019, there were 7,803,333 shares of Common Stock outstanding.

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

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

## CONSOLIDATED BALANCE SHEETS

	(Unaudited) February 28, 2019	November 30, 2018
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 7,075,691	\$ 6,040,033
Marketable securities	808,510	875,689
Accounts receivable (net of allowance for doubtful accounts of \$2,368,309 and \$2,264,848, respectively)	5,694,162	5,867,335
Prepaid expenses	460,554	461,815
Inventory, net	16,132,585	16,035,873
Other current assets	204,895	254,465
Total current assets	30,376,397	29,535,210
<b><u>Property and Equipment-net</u></b>	1,464,511	1,493,401
<b><u>Other Assets</u></b>		
Investment - Tiahne Stock	308,000	308,000
Intangible assets, net	1,314,441	1,341,336
Goodwill	1,941,411	1,941,411
Deferred tax assets	7,562,705	7,656,897
Deposits and other assets, net	374,869	113,888
Total other assets	11,501,426	11,361,532
Total assets	\$ 43,342,334	\$ 42,390,143
<b><u>LIABILITIES AND STOCKHOLDERS DEFICIT</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 1,010,392	\$ 1,261,653
Accrued expenses	2,901,600	2,702,788
Current portion of note payable	3,100,000	3,100,000
Deferred revenue	8,266,997	8,365,284
Total current liabilities	15,278,989	15,429,725
<b><u>Other Liabilities</u></b>		
Deferred revenue, net of current portion	21,124,200	20,317,231
Contingent Consideration	4,650,032	4,282,975
Note payable, net of current portion and debt issuance costs	9,098,405	9,843,510
Long-term liability - revenue sharing agreements	1,425,000	1,425,000
Total other liabilities	36,297,637	35,868,716

Total liabilities	51,576,626	51,298,441
<b>Commitments and contingencies (Note 10)</b>		
<b>Stockholders Deficit</b>		
Preferred stock (\$.01 par value, 500,000 authorized and none issued and outstanding)		
Series A Junior participating preferred stock (\$.01 par value, 20,000 authorized and none issued and outstanding)		
Common stock (\$.01 par value, 20,000,000 authorized; 13,598,909 issued and 7,803,333 outstanding as of February 28, 2019 and 13,596,409 issued and 7,800,833 outstanding as of November 30, 2018)	135,989	135,964
Additional paid-in capital	35,660,039	35,515,382
Treasury stock, at cost	(19,571,113)	(19,571,113)
Accumulated other comprehensive income		340,984
Accumulated deficit	(24,459,207)	(25,329,515)
Total stockholders deficit	(8,234,292)	(8,908,298)
Total liabilities and stockholders deficit	\$ 43,342,334	\$ 42,390,143

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

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	February 28, 2019	February 28, 2018
<b>Revenue:</b>		
Processing and storage fees	\$ 7,335,027	\$ 6,200,067
Public banking revenue	134,365	
Product revenue	25,720	28,051
<b>Total revenue</b>	<b>7,495,112</b>	<b>6,228,118</b>
<b>Costs and Expenses:</b>		
Cost of sales	2,466,227	1,601,508
Selling, general and administrative expenses	3,745,302	3,589,519
Change in fair value of contingent consideration	367,057	
Research, development and related engineering	5,884	13,409
Depreciation and amortization	56,980	36,545
<b>Total costs and expenses</b>	<b>6,641,450</b>	<b>5,240,981</b>
<b>Operating Income</b>	<b>853,662</b>	<b>987,137</b>
<b>Other Expense:</b>		
Other income (expense)	(66,193)	(33,565)
Interest expense	(406,925)	(280,977)
<b>Total other expense</b>	<b>(473,118)</b>	<b>(314,542)</b>
Income before income tax expense	380,544	672,595
Income tax expense	(104,667)	(3,202,667)
<b>Net Income (Loss)</b>	<b>\$ 275,877</b>	<b>\$ (2,530,072)</b>
Net income (loss) per common share - basic	\$ 0.04	\$ (0.36)
Weighted average common shares outstanding - basic	7,801,333	7,105,135
Net income (loss) per common share - diluted	\$ 0.03	\$ (0.36)
Weighted average common shares outstanding - diluted	8,424,905	7,105,135
<b>Other Comprehensive Income</b>		
Unrealized gain on marketable securities (net of tax)	\$	\$ 118,746

<b>Comprehensive Income (Loss)</b>	\$ 275,877	\$ (2,411,326)
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The accompanying notes are an integral part of these consolidated financial statements.

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	February 28, 2019	February 28, 2018
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 275,877	\$ (2,530,072)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	104,870	60,278
Change in fair value of contingent consideration	367,057	
Compensatory element of stock options	138,982	555,595
Provision for doubtful accounts	240,643	69,432
Deferred income tax expense		3,047,332
Amortization of debt issuance costs	29,894	26,702
Changes in assets and liabilities:		
Accounts receivable	(67,470)	128,408
Prepaid expenses	1,261	74,052
Inventory	(96,712)	(59,876)
Other current assets	49,570	(7,681)
Deposits and other assets, net	68,250	
Accounts payable	(251,261)	(730,624)
Accrued expenses	217,220	282,972
Deferred revenue	708,682	775,345
<b>Net provided by operating activities</b>	<b>1,786,863</b>	<b>1,691,863</b>
<b>Cash flows used in investing activities:</b>		
Purchases of property and equipment	(49,085)	(253,704)
Purchase of intangible asset		(200,000)
Sales (purchases) of marketable securities and other investments, net	67,179	(28,162)
<b>Net cash provided by (used in) investing activities</b>	<b>18,094</b>	<b>(481,866)</b>
<b>Cash flows from financing activities:</b>		
Repayments of note payable	(774,999)	(500,000)
Proceeds from the exercise of stock options	5,700	2,250
<b>Net cash used in financing activities</b>	<b>(769,299)</b>	<b>(497,750)</b>
<b>Increase in cash and cash equivalents</b>	<b>1,035,658</b>	<b>712,247</b>
Cash and cash equivalents - beginning of period	6,040,033	6,279,154
Cash and cash equivalents - end of period	\$ 7,075,691	\$ 6,991,401



**Supplemental non-cash investing activities:**

Unrealized gain on marketable securities, net of tax	\$	\$	118,746
Cumulative-effect adjustment due to the adoption of ASU 2016-01	\$	(340,984)	\$

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

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

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT

(Unaudited)

	Common Stock		Additional	Treasury	Accumulated Other	Accumulated	Total
	Shares	Amount	Paid-In Capital	Stock	Comprehensive Income/(Loss)	Deficit	Stockholders Deficit
Balance at November 30, 2018	13,596,409	\$ 135,964	\$ 35,515,382	\$ (19,571,113)	\$ 340,984	\$ (25,329,515)	\$ (8,908,298)
Common stock issued	2,500	25	5,675				5,700
Compensatory element of stock options			138,982				138,982
Cumulative-effect adjustment due to the adoption of ASU 2016-01 ASC 606 adoption adjustment, net of tax					(340,984)	340,984	
Net income						275,877	275,877