

CRYO CELL INTERNATIONAL INC

Form 10-Q

July 15, 2011

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**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 May 31, 2011

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)

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DELAWARE
(State or other Jurisdiction of

22-3023093
(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 July 10, 2011, 11,756,325 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, 2011 (unaudited)	November 30, 2010 (as adjusted) (1)
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 8,211,021	\$ 8,369,537
Restricted cash	200,000	200,000
Marketable securities and other investments	1,112,000	1,132,000
Accounts receivable and advances (net of allowance for doubtful accounts of \$944,640 and \$783,354, respectively)	3,318,073	2,356,279
Deferred tax assets	173,241	173,241
Prepaid expenses and other current assets	907,268	647,510
Total current assets	13,921,603	12,878,567
<u>Property and Equipment-net</u>	2,335,164	2,222,168
<u>Other Assets</u>		
Marketable securities and other investments	6,404	6,404
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Deposits and other assets, net	783,878	756,280
Deferred tax assets, less current portion	1,615,000	1,615,000
Total other assets	3,089,282	3,061,684
Total assets	\$ 19,346,049	\$ 18,162,419

LIABILITIES AND STOCKHOLDERS DEFICIT

<u>Current Liabilities</u>		
Accounts payable	\$ 1,217,578	1,053,186
Accrued expenses	1,802,524	1,621,221
Deferred revenue (1)	5,561,539	5,472,332
Total current liabilities	8,581,641	8,146,739
<u>Other Liabilities</u>		
Deferred revenue, net of current portion (1)	7,252,817	7,015,118
Long-term liability-revenue sharing agreements	3,750,000	3,750,000
Deferred consulting obligation	128,588	183,055
Total other liabilities	11,131,405	10,948,173

Commitments and Contingencies**Stockholders Deficit**

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Preferred stock (\$.01 par value, 500,000 authorized and none issued)		
Common stock (\$.01 par value, 20,000,000 authorized; 11,756,325 as of May 31, 2011 and 11,752,574 as of November 30, 2010 issued and outstanding)	117,563	117,526
Additional paid-in capital	24,963,202	24,808,591
Accumulated deficit (1)	(24,869,172)	(25,280,020)
Treasury stock, at cost	(484,535)	(484,535)
Accumulated other comprehensive loss	(94,055)	(94,055)
Total stockholders' deficit	(366,997)	(932,493)
Total liabilities and stockholders' deficit	\$ 19,346,049	\$ 18,162,419

(1) See Note 7, Retrospective Adoption of New Accounting Principle

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

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CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	May 31,		May 31,	
	May 31,	2010	May 31,	2010
	2011	(as adjusted) (1)	2011	(as adjusted) (1)
Revenue:				
Processing and storage fees (1)	\$ 4,296,656	\$ 4,010,579	\$ 8,446,441	\$ 7,851,668
Licensee income	304,370	326,758	627,390	773,900
Total revenue (1)	4,601,026	4,337,337	9,073,831	8,625,568
Costs and Expenses:				
Cost of sales	1,103,758	1,147,912	2,265,278	2,240,580
Marketing, general and administrative expenses	2,698,209	2,283,017	5,216,294	4,603,961
Research, development and related engineering	80,657	10,480	116,279	62,563
Depreciation and amortization	88,190	73,059	160,016	146,798
Total costs and expenses	3,970,814	3,514,468	7,757,867	7,053,902
Operating Income (1)	630,212	822,869	1,315,964	1,571,666
Other Income (Expense):				
Interest income	5,774	5,730	12,406	11,821
Interest expense	(399,416)	(385,704)	(791,430)	(719,825)
Total other expense	(393,642)	(379,974)	(779,024)	(708,004)
Income before equity in losses of affiliate and income tax expense (1)	236,570	442,895	536,940	863,662
Equity in losses of affiliate	(28,122)	(16,832)	(56,212)	(33,773)
Income before income tax expense (1)	208,448	426,063	480,728	829,889
Income tax expense	(31,019)	(38,323)	(69,880)	(71,545)
Net Income (1)	\$ 177,429	\$ 387,740	\$ 410,848	\$ 758,344
Net income per common share - basic	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.06
Weighted average common shares outstanding - basic	11,754,286	11,752,574	11,753,006	11,752,574
Net income per common share - diluted	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.06

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Weighted average common shares outstanding - diluted	12,025,153	11,794,011	11,996,317	11,807,841
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(1) See Note 7, Retrospective Adoption of New Accounting Principle

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Six Months Ended	
	May 31, 2011	May 31, 2010 (as adjusted) (1)
Cash Flows from Operating Activities:		
Net income (1)	\$ 410,848	\$ 758,344
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	268,724	290,591
Loss on sale of property and equipment	1,214	
Compensatory element of stock options	92,965	64,791
Provision for doubtful accounts	94,735	165,398
Equity in losses of affiliate	56,212	33,773
Changes in assets and liabilities:		
Accounts receivable and advances	(1,056,529)	(308,131)
Prepaid expenses and other current assets	(259,758)	(101,419)
Deposits and other assets	11,993	(96,667)
Accounts payable	164,392	(12,098)
Accrued expenses	181,303	(297,072)
Deferred consulting obligation	(54,467)	(50,789)
Deferred revenue (1)		