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IsoRay, Inc.  
Form 10-Q  
May 16, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-33407

ISORAY, INC.

(Exact name of registrant as specified in its charter)

Minnesota  
(State or other jurisdiction of incorporation or organization)

41-1458152  
(I.R.S. Employer Identification No.)

350 Hills St., Suite 106, Richland, Washington  
(Address of principal executive offices)

99354  
(Zip Code)

Registrant's telephone number, including area code: (509) 375-1202

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period 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 such shorter period that the registrant was required to submit and post such files).

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 the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

Number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

Class	Outstanding as of May 2, 2011
Common stock, \$0.001 par value	26,367,985

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ISORAY, INC.

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## PART I – FINANCIAL INFORMATION

IsoRay, Inc. and Subsidiaries  
Consolidated Balance Sheets

	(Unaudited)	
	March 31, 2011	June 30, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$2,667,269	\$1,678,869
Accounts receivable, net of allowance for doubtful accounts of \$55,776 and \$36,390, respectively	911,313	896,266
Inventory	728,805	681,677
Prepaid expenses and other current assets	263,824	259,975
<b>Total current assets</b>	<b>4,571,211</b>	<b>3,516,787</b>
Fixed assets, net of accumulated depreciation and amortization	3,397,213	3,959,983
Deferred financing costs, net of accumulated amortization	11,618	13,277
Restricted cash	180,725	180,154
Other assets, net of accumulated amortization	271,939	272,594
<b>Total assets</b>	<b>\$8,432,706</b>	<b>\$7,942,795</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$323,740	\$404,401
Accrued protocol expense	78,997	242,029
Accrued radioactive waste disposal	96,060	60,060
Accrued payroll and related taxes	72,101	186,513
Accrued vacation	61,232	68,525
Notes payable, due within one year	53,693	49,445
<b>Total current liabilities</b>	<b>685,823</b>	<b>1,010,973</b>
Notes payable, due after one year	87,968	130,550
Warrant liabilities	229,000	-
Asset retirement obligation	647,502	605,391
<b>Total liabilities</b>	<b>1,650,293</b>	<b>1,746,914</b>
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Preferred stock, \$.001 par value; 6,000,000 shares authorized:		
Series A: 1,000,000 shares allocated; no shares issued and outstanding	-	-
Series B: 5,000,000 shares allocated; 59,065 shares issued and outstanding	59	59

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Common stock, \$.001 par value; 194,000,000 shares authorized; 26,367,985 and 23,048,754 shares issued and outstanding	26,368	23,049
Treasury stock, at cost, 13,200 shares	(8,390 )	(8,390 )
Additional paid-in capital	50,798,212	48,084,783
Accumulated deficit	(44,033,836)	(41,903,620)
Total shareholders' equity	6,782,413	6,195,881
Total liabilities and shareholders' equity	\$8,432,706	\$7,942,795

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

IsoRay, Inc. and Subsidiaries  
Consolidated Statements of Operations  
(Unaudited)

Three months ended  
March 31,