

CRYO CELL INTERNATIONAL INC

Form 10-Q

July 16, 2007

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## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

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### FORM 10-Q

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(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, 2007

**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

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## CRYO-CELL INTERNATIONAL, INC.

(Exact name of Registrant as Specified in its Charter)

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**DELAWARE**  
(State or other Jurisdiction of

Incorporation or Organization)

**700 Brooker Creek Blvd. Oldsmar, FL 34677**

(Address of Principal Executive Offices) (Zip Code)

Issuer's phone number, including area code: **(813) 749-2100**

**22-3023093**  
(I.R.S. Employer

Identification No.)

(Former name, former address and former fiscal year, if changed since last report).

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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 16, 2007, 11,669,629 shares of \$0.01 par value common stock were outstanding.

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

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## CONSOLIDATED BALANCE SHEETS

	May 31, 2007 (unaudited)	November 30, 2006
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 4,607,731	\$ 7,414,140
Restricted cash	200,000	200,000
Marketable securities and other investments	1,001,993	989,581
Accounts receivable and advances (net of allowance for doubtful accounts of \$1,042,370 and \$905,984, respectively)	2,006,488	1,213,569
Deferred tax assets	45,000	45,000
Prepaid expenses and other current assets	868,184	649,971
<b>Total current assets</b>	<b>8,729,396</b>	<b>10,512,261</b>
<b><u>Property and Equipment-net</u></b>	<b>3,311,038</b>	<b>3,188,662</b>
<b><u>Other Assets</u></b>		
Marketable securities and other investments	57,780	50,760
Notes receivable	80,088	93,238
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Deposits and other assets	123,501	111,462
<b>Total other assets</b>	<b>945,369</b>	<b>939,460</b>
<b>Total assets</b>	<b>\$ 12,985,803</b>	<b>\$ 14,640,383</b>
<b><u>LIABILITIES AND STOCKHOLDERS DEFICIT</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 1,523,635	\$ 1,207,167
Accrued expenses	1,015,136	1,706,199
Deferred revenue	3,774,579	3,592,485
<b>Total current liabilities</b>	<b>6,313,350</b>	<b>6,505,851</b>
<b><u>Other Liabilities</u></b>		
Deferred revenue	6,442,061	5,875,107
Deferred tax liabilities	45,000	45,000
Long-term liability-revenue sharing agreements	3,750,000	3,750,000
Deferred consulting obligation	515,390	556,571
<b>Total other liabilities</b>	<b>10,752,451</b>	<b>10,226,678</b>
<b><u>Stockholders Deficit</u></b>		
Preferred stock (\$.01 par value, 500,000 authorized and none issued)		
Common stock (\$.01 par value, 20,000,000 authorized; 11,669,629 as of May 31, 2007 and 11,624,629 as of November 30, 2006 issued and outstanding)	116,696	116,247
Additional paid-in capital	24,124,594	23,929,761

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Treasury stock	(839,301)	(839,301)
Accumulated other comprehensive loss	(104,856)	(111,876)
Accumulated deficit	(27,377,131)	(25,186,977)
<b>Total stockholders' deficit</b>	<b>(4,079,998)</b>	<b>(2,092,146)</b>
Total liabilities and stockholders' deficit	\$ 12,985,803	\$ 14,640,383

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

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## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
<b>Revenue</b>	\$ 4,449,335	\$ 4,480,285	\$ 8,623,037	\$ 8,171,537
<b>Costs and Expenses:</b>				
Cost of sales	1,604,307	1,621,179	3,119,407	2,828,695
Marketing, general & administrative expenses	3,982,596	3,404,327	7,239,602	5,878,291
Research, development and related engineering	183,776	129,024	317,340	140,644
Depreciation and amortization	132,335	105,172	266,640	215,005
Total costs and expenses	5,903,014	5,259,702	10,942,989	9,062,634
<b>Operating Loss</b>	(1,453,679)	(779,417)	(2,319,952)	(891,097)
<b>Other Income (Expense):</b>				
Interest income	82,127	70,997	158,823	139,442
Interest expense	(286,916)	(253,979)	(543,383)	(483,652)
Other income (expense)	10,419	(4,528)	10,419	982
Licensee income	264,224	136,742	552,219	469,976
Total other income (expense)	69,854	(50,768)	178,078	126,748
Loss before income tax expense and equity in losses of affiliate	(1,383,825)	(830,185)	(2,141,874)	(764,349)
Equity in losses of affiliate	(19,668)	(29,948)	(48,280)	(40,256)
	(19,668)	(29,948)	(48,280)	(40,256)
<b>Net Loss</b>	\$ (1,403,493)	\$ (860,133)	\$ (2,190,154)	\$ (804,605)
Net loss per common share - basic	\$ (0.12)	\$ (0.07)	\$ (0.19)	\$ (0.07)
Weighted average common shares outstanding - basic	11,663,759	11,624,629	11,644,409	11,624,629
Net loss per common share - diluted	\$ (0.12)	\$ (0.07)	\$ (0.19)	\$ (0.07)
Weighted average common shares outstanding - diluted	11,663,759	11,624,629	11,644,409	11,624,629
<b>Comprehensive loss:</b>				
Net loss:	\$ (1,403,493)	(860,133)	\$ (2,190,154)	\$ (804,605)
Unrealized (loss) gain on marketable securities	(4,861)	20,410	7,020	40,791
Recognition of unrealized gain on marketable securities	10,419	5,510	10,419	5,510
<b>Comprehensive loss</b>	\$ (1,397,935)	\$ (834,213)	\$ (2,172,715)	\$ (758,304)

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

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	<b>Six Months Ended</b>	
	<b>May 31,</b>	<b>May 31,</b>
	<b>2007</b>	<b>2006</b>
<b>Cash Flows from Operating Activities:</b>		
Net Loss	\$ (2,190,154)	\$ (804,605)
Adjustments to reconcile net loss to cash (used in) provided by operating activities:		
Depreciation and amortization expense	372,945	308,294
Gain on sale of marketable securities	(10,419)	(5,510)
Loss on sale of property and equipment		4,528
Compensatory element of stock options	122,702	57,839
Provision for doubtful accounts	280,729	238,703
Equity in losses of affiliate	48,280	40,256
Changes in assets and liabilities:		
Accounts receivable and advances	(1,073,648)	(33,384)
Note receivable	13,150	9,125
Prepaid expenses and other current assets	(218,213)	(265,737)
Deposits and other assets	(12,039)	(2,500)
Accounts payable	316,468	219,467
Accrued expenses	(691,063)	71,619
Deferred consulting obligation	(41,181)	(52,036)
Deferred revenue	749,048	862,986
<b>Net cash (used in) provided by operating activities</b>	<b>(2,333,395)</b>	<b>649,045</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(495,321)	(390,866)
Sale of property and equipment		5,000
Purchase of marketable securities and other investments	(1,001,993)	(989,581)
Proceeds from sale of marketable securities	1,000,000	490,000
<b>Net cash used in investing activities</b>	<b>(497,314)</b>	<b>(885,447)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from the exercise of stock options	24,300	
<b>Net cash provided by financing a</b>		