

Cryoport, Inc.
Form 10-Q
February 13, 2014

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 December 31, 2013

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: 001-34632

Cryoport, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Nevada
**(State or Other Jurisdiction of
Incorporation or Organization)**

88-0313393
**(IRS Employer
Identification No.)**

**20382 BARENTS SEA CIRCLE,
LAKE FOREST, CA**
(Address of Principal Executive Offices)

92630
(Zip Code)

(949) 470-2300
Registrant's Telephone Number, Including Area Code:

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 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

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(§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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of February 7, 2014 the Company had 59,446,639, shares of its \$0.001 par value common stock issued and outstanding.

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PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****CRYOPORT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

	December 31, 2013 (unaudited)	March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 219,970	\$ 563,104
Accounts receivable, net of allowances of \$22,200 at December 31, 2013 and \$8,700 at March 31, 2013	635,687	217,097
Inventories	30,008	39,212
Other current assets	102,718	138,892
Total current assets	988,383	958,305
Property and equipment, net	464,122	505,485
Intangible assets, net	189,094	272,263
Deposits and other assets	9,358	19,744
Total assets	\$ 1,650,957	\$ 1,755,797
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 895,902	\$ 858,709
Accrued compensation and related expenses	391,438	217,432
Convertible debentures payable and accrued interest, net of discount	390,471	1,304,419
Current portion of related party notes payable	96,000	96,000
Derivative liabilities	3	20,848
Total current liabilities	1,773,814	2,497,408
Related party notes payable and accrued interest, net of current portion	1,277,546	1,321,664
Total liabilities	3,051,360	3,819,072
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.001 par value, 2,500,000 shares authorized, none issued and outstanding		
Common stock, \$0.001 par value; 250,000,000 shares authorized; 59,246,639 shares issued and outstanding at December 31, 2013 and 37,760,628 shares issued and outstanding at March 31, 2013	59,247	37,761
Additional paid-in capital	82,975,314	64,210,412
Accumulated deficit	(84,434,964)	(66,311,448)
Total stockholders' deficit	(1,400,403)	(2,063,275)
Total liabilities and stockholders' deficit	\$ 1,650,957	\$ 1,755,797

See accompanying notes to unaudited condensed consolidated financial statements

CRYOPORT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For The Three Months Ended		For The Nine Months Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Net revenues	\$ 757,327	\$ 307,153	\$ 1,825,117	\$ 732,049
Cost of revenues	590,266	368,795	1,531,312	1,066,853
Gross margin (loss)	167,061	(61,642)	293,805	(334,804)
Operating expenses:				
Selling, general and administrative	1,305,562	1,392,937	3,768,049	4,003,544
Research and development	118,490	94,424	329,569	305,031
Total operating expenses	1,424,052	1,487,361	4,097,618	4,308,575
Loss from operations	(1,256,991)	(1,549,003)	(3,803,813)	(4,643,379)
Other income (expense):				
Debt conversion expense	(552,750)		(13,713,767)	
Interest expense	(31,786)	(11,896)	(626,781)	(48,255)
Change in fair value of derivative liabilities	1,196	(6,112)	20,845	27,712
Total other expense, net	(583,340)	(18,008)	(14,319,703)	(20,543)
Loss before income taxes	(1,840,331)	(1,567,011)	(18,123,516)	(4,663,922)
Income taxes				1,600
Net loss	\$ (1,840,331)	\$ (1,567,011)	\$ (18,123,516)	\$ (4,665,522)
Net loss per common share, basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.40)	\$ (0.12)
Basic and diluted weighted average common shares outstanding	58,995,821	37,760,628	45,342,320	37,760,628

See accompanying notes to unaudited condensed consolidated financial statements

CRYOPORT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For The Nine Months Ended	
	December 31,	
	2013	2012
Cash Flows From Operating Activities		
Net loss	\$ (18,123,516)	\$ (4,665,522)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	258,189	307,262
Amortization of debt discount and deferred financing costs	540,648	8,843
Fair value of stock options and warrants issued to employees, directors and consultants	509,966	488,818
Change in fair value of derivative instruments	(20,845)	(27,712)
Loss on disposal of Cryogenic shippers	5,884	6,382
Debt conversion expense	13,713,767	
Changes in operating assets and liabilities:		
Accounts receivable	(418,590)	(55,013)
Inventories	9,204	(3,705)
Other current assets	(22,898)	8,940
Accounts payable and accrued expenses	129,415	301,425
Accrued compensation and related expenses	174,006	(67,531)
Accrued interest	85,364	19,625
Net cash used in operating activities	(3,159,406)	(3,678,188)
Cash Flows From Investing Activities		
Purchases of property and equipment	(139,541)	(71,165)
Net cash used in investing activities	(139,541)	(71,165)
Cash Flows From Financing Activities		
Proceeds from issuance of convertible debt	3,206,301	
Repayments of convertible debt		(82,800)
Payments of offering and deferred financing costs	(358,489)	