

Stereotaxis, Inc.
Form 10-Q
August 14, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 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: 000-50884

STEREOTAXIS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State of Incorporation)

94-3120386
(I.R.S. employer
identification no.)

4320 Forest Park Avenue Suite 100

St. Louis, Missouri
(Address of principal executive offices)

63108
(Zip Code)

Registrant's telephone number, including area code: (314) 678-6100

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 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

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. (Check one):

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

The number of outstanding shares of the registrant's common stock on August 9, 2013 was 14,636,422.

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	June 30, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,113,768	\$ 7,777,718
Accounts receivable, net of allowance of \$338,419 and \$640,183 in 2013 and 2012, respectively	8,466,808	11,551,651
Current portion of long-term receivables	19,299	18,838
Inventories	5,580,167	5,098,241
Prepaid expenses and other current assets	2,294,529	3,492,067
Total current assets	20,474,571	27,938,515
Property and equipment, net	1,639,398	2,141,923
Intangible assets, net	1,829,403	1,979,320
Long-term receivables	19,521	73,199
Other assets	32,525	32,987
Total assets	\$ 23,995,418	\$ 32,165,944
Liabilities and stockholders deficit		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 12,061,454	\$ 12,264,490
Accounts payable	3,944,680	3,556,688
Accrued liabilities	5,637,004	5,361,810
Deferred revenue	8,376,807	9,502,939
Warrants and debt conversion features	1,469,042	2,968,348
Total current liabilities	31,488,987	33,654,275
Long-term debt, less current maturities	17,809,026	16,824,736
Long-term deferred revenue	334,664	477,159
Other liabilities		
Stockholders deficit:		
Preferred stock, par value \$0.001; 10,000,000 shares authorized, none outstanding at 2013 and 2012		
Common stock, par value \$0.001; 300,000,000 shares authorized, 8,320,790 and 8,018,615 shares issued at 2013 and 2012, respectively	8,321	8,019
Additional paid in capital	367,133,231	366,053,627
Treasury stock, 4,015 shares at 2013 and 2012	(205,999)	(205,999)
Accumulated deficit	(392,572,812)	(384,645,873)
Total stockholders deficit	(25,637,259)	(18,790,226)
Total liabilities and stockholders deficit	\$ 23,995,418	\$ 32,165,944

See accompanying notes.

Table of Contents**STEREOTAXIS, INC.****STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue:				
Systems	\$ 3,323,251	\$ 3,863,107	\$ 5,551,328	\$ 9,042,612
Disposables, service and accessories	6,410,156	6,649,791	12,590,284	13,753,514
Total revenue	9,733,407	10,512,898	18,141,612	22,796,126
Cost of revenue:				
Systems	1,602,480	2,175,971	2,793,833	4,518,381
Disposables, service and accessories	869,408	1,084,107	1,870,701	2,503,528
Total cost of revenue	2,471,888	3,260,078	4,664,534	7,021,909
Gross margin	7,261,519	7,252,820	13,477,078	15,774,217
Operating expenses:				
Research and development	1,484,096	2,196,073	3,013,303	5,021,280
Sales and marketing	4,254,546	6,223,330	9,110,560	12,222,069
General and administrative	3,276,967	3,469,346	6,700,708	7,342,219
Total operating expenses	9,015,609	11,888,749	18,824,571	24,585,568
Operating loss	(1,754,090)	(4,635,929)	(5,347,493)	(8,811,351)
Other income	893,642	9,269,424	1,499,744	9,081,354
Interest income	1,256	2,008	2,668	3,371
Interest expense	(2,147,600)	(1,829,076)	(4,081,858)	(3,279,859)
Net income (loss)	\$ (3,006,792)	\$ 2,806,427	\$ (7,926,939)	\$ (3,006,485)
Net earnings (loss) per common share:				
Basic	\$ (0.37)	\$ 0.42	\$ (0.98)	\$ (0.49)
Diluted	\$ (0.37)	\$ 0.32	\$ (0.98)	\$ (0.49)
Weighted average shares used in computing net earnings (loss) per common share:				
Basic	8,188,837	6,741,578	8,102,087	6,120,447
Diluted	8,188,837	9,263,149	8,102,087	6,120,447

See accompanying notes.

Table of Contents**STEREOTAXIS, INC.****STATEMENTS OF CASH FLOWS****(Unaudited)**

	Six Months Ended June 30,	
	2013	2012
Cash flows from operating activities		
Net loss	\$ (7,926,939)	\$ (3,006,485)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	495,152	669,040
Amortization	149,917	149,917
Amortization of deferred finance costs and debt discount	1,938,777	1,366,471
Share-based compensation	441,861	1,794,729
Gain on debt conversion	(2,095)	
Loss on asset disposal	7,373	4,122
Adjustment of warrants and convertible debt features	(1,497,649)	(9,081,354)
Interest due from issuance of stock	394,588	
Changes in operating assets and liabilities:		
Accounts receivable	3,084,843	2,868,900
Other receivables	53,217	19,298
Inventories	(481,926)	(1,342,544)
Prepaid expenses and other current assets	653,439	(398,952)
Other assets	462	2,144
Accounts payable	387,992	(974,612)
Accrued liabilities	275,194	71,203
Deferred revenue	(1,268,627)	(552,786)
Other liabilities		(2,307)
Net cash used in operating activities	(3,294,421)	(8,413,216)
Cash flows from investing activities		
Purchase of equipment		(113,030)
Net cash used in investing activities		(113,030)
Cash flows from financing activities		
Payments of term loan	(2,000,000)	(2,000,000)
Proceeds from revolving line of credit	23,048,799	33,073,407
Payments of revolving line of credit	(23,759,722)	(40,363,204)
Proceeds from subordinated convertible debt, net of issuance costs		7,738,351
Proceeds from Healthcare Royalty Partners debt		