

AMERICAN CRYOSTEM Corp
Form 10-Q
May 14, 2018

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 six month period ended March 31, 2018

Commission file number: 000-54672

AMERICAN CRYOSTEM CORPORATION

(Name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

26-4574088

(I.R.S. Employer Identification No.)

1 Meridian Road, Eatontown, NJ 07724

(Address of principal executive offices)(Zip Code)

(732) 747-1007

(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

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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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

As of May 7, 2018, there were 47,266,192 shares of common stock outstanding.

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PART I – FINANCIAL INFORMATION**Item 1. Financial Statements****American CryoStem Corporation****Consolidated Balance Sheets****As of March 31, 2018 and September 30, 2017**

	31-Mar-18 (unaudited)	30-Sep-17 (audited)
ASSETS		
Current assets:		
Cash	\$ 323,682	\$ 410,342
Accounts receivable- net of allowance for bad debt	163,917	171,860
Prepaid expenses	18,000	33,333
Inventory	31,069	27,704
Total current assets	536,668	643,239
Other assets:		
Investment in Autogenesis- at cost	1,000	1,000
Investment in Baoxin- at cost	300,000	0
Security deposit	13,540	13,540
Patent and patents development- net of accumulated amortization	315,278	299,057
Fixed assets- net of accumulated depreciation	155,658	52,357
Total assets	\$ 1,322,144	\$ 1,009,193
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable & accrued expenses	\$ 390,275	\$ 362,576
Deferred revenues	151,095	25,664
Bridge notes payable	226,500	226,500
Convertible notes payable	489,000	864,000
Commitments & contingencies (equipment lease)	31,001	0
Total current liabilities	\$ 1,287,871	\$ 1,478,740
Other liabilities:		
Salaries payable to officers	478,360	443,360
Commitments & contingencies (equipment lease)	62,386	0
Payable to related party (ACS Global Inc.)	107,020	108,651
Total liabilities	\$ 1,935,637	\$ 2,030,751

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Shareholders' equity:

Common stock- \$.001 par value, authorized 300,000,000 shares authorized, issued and outstanding, 46,269,016 shares at March 31, 2018 and 43,409,580 at September 30, 2017	\$46,270	\$43,410
Additional paid in capital	12,746,798	11,581,197
Accumulated comprehensive income	1,700	0
Accumulated deficit	(13,408,261)	(12,646,165)
Total shareholders' deficit	(613,493)	(1,021,558)
 Total Liabilities & Shareholders' Deficit	 \$1,322,144	 \$1,009,193

See the notes to the financial statements.

American CryoStem Corporation

(unaudited)**Consolidated Statements of Operations**

For the Six Months and Quarters Ended March 31, 2018 and March 31, 2017

	6 Months 31-Mar-18	6 Months 31-Mar-17	3 Months 31-Mar-18	3 Months 31-Mar-17
Tissue storage & processing	\$ 604,215	\$ 670,142	\$ 191,616	\$ 389,671
Licensing	175,634	80,000	48,967	40,000
Total revenues	\$ 779,849	\$ 750,142	\$ 240,583	\$ 429,671
Less cost of revenues	(162,485)	(273,221)	(79,111)	(149,916)
Gross margin	\$ 617,364	\$ 476,921	\$ 161,472	\$ 279,755
General and administrative expenses:				
Professional fees	\$ 59,013	\$ 108,104	\$ 31,787	\$ 27,667
Salary expense	171,882	196,000	82,473	59,888
Option grant to consultant	549,588	0	0	0
Laboratory expenses	276,567	112,354	149,392	86,437
Administration	173,578	95,434	62,669	77,179
Total general & administrative expenses	1,230,628	511,892	326,321	251,171
Net loss from operations	(\$613,264)	(\$34,971)	(\$164,849)	\$ 28,584
Other income (expenses):				
Loss on settlements	(96,621)	0	(20,184)	0
Interest expense	(52,211)	(72,617)	(22,670)	(40,891)
Net loss before provision for income taxes	(\$762,096)	(\$107,588)	(\$207,703)	(\$12,307)
Provision for income taxes	0	0	0	0
Net loss	(\$762,096)	(\$107,588)	(\$207,703)	(\$12,307)
Basic & fully diluted net loss per common share:				
Net loss	(\$0.02)	(\$0.00)	(\$0.00)	(\$0.00)
Weighted average of common shares outstanding:				
Basic & fully diluted	44,630,031	37,598,437	45,519,016	37,857,967

See the notes to the financial statements.

American CryoStem Corporation

Consolidated Statements of Comprehensive Loss

(unaudited)

For the Six Months Ended March 31, 2018 and March 31, 2017

	31-Mar-18	31-Mar-17
Net loss	(\$ 762,096)	(\$ 107,588)
Other comprehensive income:		
Foreign currency translation adjustment	1,700	0
Comprehensive loss	(\$ 760,396)	(\$ 107,588)

See the notes to the financial statements.

American CryoStem Corporation

Consolidated Statements of Cash Flows**(unaudited)****For the Six Months Ended March 31, 2018 and March 31, 2017**

	6 Months 31-Mar-18	6 Months 31-Mar-17
Operating Activities:		
Net loss	(\$762,096)	(\$107,588)
Adjustments to reconcile net loss items not requiring the use of cash:		
Bad debt expense	0	12,620
Interest expense- beneficial conversion feature (debentures issued)	0	72,617
Consulting fees & salaries (paid from stock)	563,338	66,000
Depreciation & amortization expense	30,408	20,567
Loss on settlement of legal bill	96,621	0
Changes in other operating assets and liabilities :		
Accounts receivable	7,943	(81,456)
Prepaid expense	15,333	(2,801)
Inventory	(3,365)	(2,446)
Deferred revenue	125,431	(4,098)
Salaries payable to officers	35,000	35,000
Accounts payable and accrued expenses	136,202	(37,593)
Net cash provided (used) by operations	\$ 244,815	(\$29,178)
Investing activities:		
Patents development	(\$19,670)	(\$26,234)
Investment in Baoxin	(300,000)	0
Purchase of lab equipment	(27,470)	(8,318)
Net cash used by investing activities	(347,140)	(34,552)
Financing activities:		
Issuance of common shares	\$ 0	\$ 135,625
Options exercised	25,000	0
Paid down capital lease	(9,403)	0
Payable to related party (ACS Global Inc.)	(1,631)	(7,604)
Net cash provided by financing activities	13,966	128,021
Net change in cash	(\$88,359)	\$ 64,291
Effect of exchange rate changes on cash	1,700	—
Cash balance at beginning of the period	410,342	37,251
Cash balance at end of the period	\$ 323,683	\$ 101,542

Supplemental disclosures of cash flow information:

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Interest paid during the period	\$ 3,465	\$ 4,504
Income taxes paid during the period	\$ 0	\$ 0

See the notes to the financial statements.

See Note 15 for non-cash transactions.

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American CryoStem Corporation

(unaudited)

Notes to the Consolidated Financial Statements

For the Six Months Ended March 31, 2018 and March 31, 2017

Note 1. Organization of the Company and Significant Accounting Policies

American CryoStem Corporation (the “Company”) is a publicly held corporation formed on March 13, 2009 in the state of Nevada as R&A Productions Inc. (R&A)