

Cardiovascular Systems Inc
Form 10-Q
November 04, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 September 30, 2013
Commission File No. 000-52082

CARDIOVASCULAR SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
651 Campus Drive
St. Paul, Minnesota 55112-3495
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code: (651) 259-1600

No. 41-1698056
(IRS Employer
Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 (§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 shares outstanding of the registrant's common stock as of October 28, 2013 was: Common Stock, \$0.001 par value per share, 25,702,393 shares.

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PART I. — FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Cardiovascular Systems, Inc.

Consolidated Balance Sheets

(Dollars in thousands, except per share and share amounts)

(Unaudited)

	September 30, 2013	June 30, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$63,227	\$67,897
Accounts receivable, net	15,271	14,730
Inventories	8,266	6,243
Prepaid expenses and other current assets	1,231	959
Total current assets	87,995	89,829
Property and equipment, net	3,022	2,999
Patents, net	3,418	3,219
Debt conversion option and other assets	685	850
Total assets	\$95,120	\$96,897
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$5,074	\$5,095
Accounts payable	8,520	7,230
Deferred grant incentive	151	156
Accrued expenses	10,209	9,932
Total current liabilities	23,954	22,413
Long-term liabilities		
Long-term debt, net of current maturities	5,742	7,472
Other liabilities	153	180
Total long-term liabilities	5,895	7,652
Total liabilities	29,849	30,065
Commitments and contingencies		
Common stock, \$0.001 par value; authorized 100,000,000 common shares at September 30, 2013 and June 30, 2013; issued and outstanding 25,220,534 at September 30, 2013 and 24,382,025 at June 30, 2013, respectively	25	24
Additional paid in capital	269,725	261,722
Common stock warrants	6,088	8,361
Accumulated deficit	(210,567) (203,275
Total stockholders' equity	65,271	66,832
Total liabilities and stockholders' equity	\$95,120	\$96,897

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

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Cardiovascular Systems, Inc.

Consolidated Statements of Operations

(Dollars in thousands, except per share and share amounts)

(Unaudited)

	Three Months Ended		
	September 30,		
	2013	2012	
Revenues	\$29,766	\$23,293	
Cost of goods sold	6,864	5,254	
Gross profit	22,902	18,039	
Expenses			
Selling, general and administrative	25,371	20,023	
Research and development	4,378	3,222	
Total expenses	29,749	23,245	
Loss from operations	(6,847) (5,206)
Interest and other, net	(445) (4)
Net loss and comprehensive loss	\$(7,292) \$(5,210)
Net loss and comprehensive loss per common share:			
Basic and Diluted	\$(0.29) \$(0.26)
Weighted average common shares used in computation:			
Basic and Diluted	24,751,368	20,397,004	

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

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Cardiovascular Systems, Inc.
 Consolidated Statements of Cash Flows
 (Dollars in thousands)
 (Unaudited)

	Three Months Ended September 30,	
	2013	2012
Cash flows from operating activities		
Net loss	\$(7,292) \$(5,210
Adjustments to reconcile net loss to net cash used in operations)
Depreciation of property and equipment	293	204
Amortization and write-off of patents	28	34
Provision for doubtful accounts	90	80
Amortization of (premium) discount on debt, net	(8) (21
Debt conversion and valuation of conversion options, net	142	(388
Stock-based compensation	2,300	1,755
Changes in assets and liabilities		
Accounts receivable	(631) 97
Inventories	(2,023) 99
Prepaid expenses and other assets	11	401
Accounts payable	1,329	(156
Accrued expenses and other liabilities	143	1,313
Net cash used in operations	(5,618) (1,792
Cash flows from investing activities)