

ENCISION INC
Form 10-Q
August 12, 2014
Table of Contents

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, 2014

OR

- o 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: 001-11789

ENCISION INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: ENCISION INC - Form 10-Q

Colorado
(State or other jurisdiction of
incorporation or organization)

84-1162056
(I.R.S. Employer Identification No.)

6797 Winchester Circle

Boulder, Colorado 80301

(Address of principal executive offices)

(303) 444-2600

(Registrant's telephone number)

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 (§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.

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

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, no par value
(Class)

10,673,225 Shares
(outstanding at June 30, 2014)

Table of Contents

ENCISION INC.

FORM 10-Q

For the Three Months Ended June 30, 2014

INDEX

	Page Number
<u>PART I.</u>	
<u>FINANCIAL INFORMATION</u>	
<u>ITEM 1</u>	
<u>Condensed Interim Financial Statements:</u>	
<u>Condensed Balance Sheets as of June 30, 2014 and March 31, 2014</u>	3
<u>Condensed Statements of Operations for the Three Months Ended June 30, 2014 and 2013</u>	4
<u>Condensed Statements of Cash Flows for the Three Months Ended June 30, 2014 and 2013</u>	5
<u>Notes to Condensed Interim Financial Statements</u>	6
<u>ITEM 2</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
<u>ITEM 4</u>	
<u>Controls and Procedures</u>	15
<u>PART II.</u>	
<u>OTHER INFORMATION</u>	
<u>ITEM 6</u>	
<u>Exhibits</u>	16
<u>SIGNATURE</u>	17

Table of Contents**PART I** **FINANCIAL INFORMATION****ITEM 1** **CONDENSED INTERIM FINANCIAL STATEMENTS****Encision Inc.****Condensed Balance Sheets****(unaudited)**

	June 30, 2014	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,147,290	\$ 1,689,580
Accounts receivable, net of allowance for doubtful accounts of \$11,500 at June 30, 2014 and \$8,000 at March 31, 2014	937,178	863,220
Inventories, net of reserve for obsolescence of \$167,000 at June 30, 2014 and \$560,000 at March 31, 2014	2,160,435	2,224,228
Prepaid expenses	245,016	65,387
Total current assets	4,489,919	4,842,415
Equipment, at cost:		
Furniture, fixtures and equipment	2,922,610	3,641,037
Customer-site equipment	1,004,842	1,016,265
Accumulated depreciation	(2,903,277)	(3,552,079)
Equipment, net	1,024,175	1,105,223
Patents, net of accumulated amortization of \$222,898 at June 30, 2014 and \$215,969 at March 31, 2014	258,084	248,971
Other assets	17,334	14,127
TOTAL ASSETS	\$ 5,789,512	\$ 6,210,736
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 470,598	\$ 666,159
Accrued compensation	258,579	264,595
Other accrued liabilities	400,785	408,549
Lease payable - short term	64,597	67,057
Deferred rent - short term	30,384	30,384
Total current liabilities	1,224,943	1,436,744
Lease payable - long term	40,936	54,619
Deferred rent - long term	124,068	131,664
Total liabilities	1,389,947	1,623,027
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value: 10,000,000 shares authorized; none issued and outstanding		
Common stock and additional paid-in capital, no par value: 100,000,000 shares authorized; 10,673,225 shares issued and outstanding at June 30, 2014 and March 31, 2014	23,559,293	23,545,080
Accumulated (deficit)	(19,159,728)	(18,957,371)
Total shareholders' equity	4,399,565	4,587,709

Edgar Filing: ENCISION INC - Form 10-Q

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$	5,789,512	\$	6,210,736
-------------------------------------------	----	-----------	----	-----------

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

Table of Contents

Encision Inc.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended	
	June 30, 2014	June 30, 2013
NET REVENUE	\$ 2,476,258	\$ 2,681,850
COST OF REVENUE	1,254,299	1,223,953
GROSS PROFIT	1,221,959	1,457,897
OPERATING EXPENSES:		
Sales and marketing	682,573	951,184
General and administrative	370,428	353,043
Research and development	315,421	388,087
Total operating expenses	1,368,422	1,692,314
OPERATING LOSS	(146,463)	(234,417)
Interest expense, net	(2,785)	(8,886)
Other expense, net	(53,109)	(67,894)
Interest expense and other expense, net	(55,894)	(76,780)
INCOME LOSS BEFORE PROVISION FOR INCOME TAXES	(202,357)	(311,197)
Provision for income taxes		
NET LOSS	\$ (202,357)	\$ (311,197)
Net loss per share basic and diluted	\$ (0.02)	\$ (0.04)
Weighted average shares basic and diluted	10,673,225	8,210,100

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

Table of Contents

Encision Inc.

Condensed Statements of Cash Flows