

IRADIMED CORP  
Form 10-Q  
August 14, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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**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 No.: 001-36534**

## IRADIMED CORPORATION

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of

incorporation or organization)

**1025 Willa Springs Drive**

**Winter Springs, Florida**  
(Address of principal executive offices)

**73-1408526**  
(I.R.S. Employer

Identification Number

**32708**  
(Zip Code)

**(407) 677-8022**

(Registrant's telephone number, including area code)

**N/A**

(Former Name, former address and former fiscal year, if changed since last report)

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

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The registrant had 10,718,400 shares of common stock, par value \$0.0001 per share, outstanding as of August 14, 2014.

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**IRADIMED CORPORATION**  
**CONDENSED BALANCE SHEETS**

|   | June 30,<br>2014<br>(unaudited) | December 31,<br>2013 |
|---|---------------------------------|----------------------|
| <b>ASSETS</b>   |                                 |                      |
| Current assets:   |                                 |                      |
| Cash and cash equivalents   | \$ 4,260,988                    | \$ 2,461,559         |
| Accounts receivable, net of allowance for doubtful accounts of \$37,368 as of June 30, 2014 and \$136,971 as of December 31, 2013 | 2,276,121                       | 1,982,083            |
| Investments   | 254,437                         | 246,203              |
| Inventory, net  | 1,631,911                       | 1,340,331            |
| Prepaid expenses and other current assets   | 58,263                          | 117,640              |
| Prepaid income taxes  |                                 | 170,496              |
| Deferred income taxes   | 64,921                          | 65,961               |
| Total current assets  | 8,546,641                       | 6,384,273            |
| Property and equipment, net   | 510,723                         | 327,343              |
| Intangible assets, net  | 265,283                         | 267,024              |
| Deferred income taxes   | 67,023                          |                      |
| Deferred initial public offering costs  | 525,071                         |                      |
| Other assets  | 21,865                          | 8,231                |
| Total assets  | \$ 9,936,606                    | \$ 6,986,871         |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>  |                                 |                      |
| Current liabilities:  |                                 |                      |
| Accounts payable  | \$ 989,114                      | \$ 427,474           |
| Accrued payroll and benefits  | 851,000                         | 655,362              |
| Other accrued taxes   | 33,726                          | 80,787               |
| Warranty reserve  | 17,002                          | 12,002               |
| Deferred revenue  | 515,440                         | 207,395              |
| Officer note payable  |                                 | 6,333                |
| Accrued income taxes  | 92,063                          | 62,971               |
| Total current liabilities   | 2,498,345                       | 1,452,324            |
| Deferred revenue  | 137,306                         | 57,676               |
| Deferred income taxes   |                                 | 54,087               |
| Total liabilities   | 2,635,651                       | 1,564,087            |
| Stockholders' equity:   |                                 |                      |
| Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; 1,400,000 issued and outstanding                               | 140                             | 140                  |
| Common stock; \$0.0001 par value; 90,000,000 shares authorized; 7,000,000 shares issued and outstanding                           | 700                             | 700                  |
| Additional paid-in capital  | 2,678,419                       | 2,346,137            |
| Retained earnings   | 4,617,071                       | 3,074,883            |
| Accumulated other comprehensive income  | 4,625                           | 924                  |

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|  |    |           |    |           |
|--|----|-----------|----|-----------|
| Total stockholders' equity                 |    | 7,300,955 |    | 5,422,784 |
| Total liabilities and stockholders' equity | \$ | 9,936,606 | \$ | 6,986,871 |

*See accompanying notes to unaudited condensed financial statements.*

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**IRADIMED CORPORATION**  
**CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

(Unaudited)

|   | For the Three Months Ended<br>June 30, |              | For the Six Months Ended<br>June 30, |              |
|---|--|--------------|--------------------------------------|--------------|
|   | 2014                                   | 2013         | 2014                                 | 2013         |
| Revenue   | \$ 4,700,369                           | \$ 2,775,053 | \$ 8,257,606                         | \$ 5,403,322 |
| Cost of revenue   | 869,745                                | 767,719      | 1,526,111                            | 1,234,832    |
| Gross profit  | 3,830,624                              | 2,007,334    | 6,731,495                            | 4,168,490    |
| Operating expenses:   |  |              |                                      |              |
| General and administrative  | 1,130,484                              | 527,551      | 2,223,179                            | 1,030,739    |
| Sales and marketing   | 864,519                                | 495,662      | 1,624,308                            | 1,064,385    |
| Research and development  | 225,500                                | 204,423      | 449,804                              | 364,835      |
| Total operating expenses  | 2,220,503                              | 1,227,636    | 4,297,291                            | 2,459,959    |
| Income from operations  | 1,610,121                              | 779,698      | 2,434,204                            | 1,708,531    |
| Other income, net   | 11,631                                 | 22,740       | 15,083                               | 19,400       |
| Income before provision for income taxes  | 1,621,752                              | 802,438      | 2,449,287                            | 1,727,931    |
| Provision for income taxes  | 602,931                                | 244,129      | 907,099                              | 525,695      |
| Net income  | \$ 1,018,821                           | \$ 558,309   | \$ 1,542,188                         | \$ 1,202,236 |
| Other comprehensive income (loss):  |  |              |                                      |              |
| Change in fair value of available-for-sale securities, net of tax expense (benefit) of \$821 and \$(2,326) for the three months ended June 30, 2014 and 2013, respectively, and \$1,993 and \$(2,249) for the six months ended June 30, 2014 and 2013, respectively | 1,526                                  | (4,320)      | 3,701                                | (4,176)      |
| Comprehensive income  | \$ 1,020,347                           | \$ 553,989   | \$ 1,545,889                         | \$ 1,198,060 |
| Net income per share:   |  |              |                                      |              |
| Basic   | \$ 0.15                                | \$ 0.08      | \$ 0.22                              | \$ 0.17      |
| Diluted   | \$ 0.11                                | \$ 0.07      | \$ 0.17                              | \$ 0.14      |
| Weighted average shares outstanding:  |  |              |                                      |              |
| Basic   | 7,000,000                              | 7,000,000    | 7,000,000                            | 7,000,000    |
| Diluted   | 8,878,170                              | 8,495,314    | 8,868,610                            | 8,493,897    |

*See accompanying notes to unaudited condensed financial statements.*

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**IRADIMED CORPORATION**  
**CONDENSED STATEMENTS OF CASHFLOWS**  
**(Unaudited)**

|   | Six Months Ended<br>June 30, |              |
|---|------------------------------|--------------|
|   | 2014                         | 2013         |
| Operating activities:   |                              |              |
| Net income  | \$ 1,542,188                 | \$ 1,202,236 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                              |              |
| Provision for excess and obsolete inventory                                       | 29,669                       |              |
| Depreciation and amortization   | 54,462                       | 65,190       |
| Stock-based compensation  | 332,282                      | 135,959      |
| Changes in operating assets and liabilities:                                      |                              |              |
| Accounts receivable   | (294,038)                    | (97,835)     |
| Inventory   | (321,249)                    | (103,925)    |
| Prepaid expenses and other current assets   | 59,377                       | 22,743       |
| Other assets  | (13,634)                     | (2,128)      |
| Deferred income taxes   | (122,063)                    | (25,204)     |
| Accounts payable  | 239,794                      | (119,443)    |
| Accrued payroll and benefits  | 195,638                      | (147,220)    |
| Other accrued taxes   | (47,061)                     | 21,465       |
| Warranty reserve  | 5,000                        | (134)        |
| Deferred revenue  | 387,675                      | (103,975)    |
| Accrued income taxes, net of prepaid income taxes                                 | 199,588                      | (325,857)    |
| Net cash provided by operating activities   | 2,247,628                    | 521,872      |
| Investing activities:   |                              |              |
| Purchases of investments  | (2,540)                      | (1,996)      |
| Purchases of property and equipment   | (218,425)                    | (38,187)     |
| Patent and software costs   | (17,676)                     | (13,659)     |
| Net cash used in investing activities   | (238,641)                    | (53,842)     |
| Financing activities:   |                              |              |
| Repayment of officer note payable   | (6,333)                      | (2,742)      |
| Payment of initial public offering costs  | (203,225)                    |              |
| Net cash used in financing activities   | (209,558)                    | (2,742)      |
| Net increase in cash and equivalents  | 1,799,429                    | 465,288      |
| Cash and cash equivalents, beginning of period                                    | 2,461,559                    | 1,697,306    |
| Cash and cash equivalents, end of period  | \$ 4,260,988                 | \$ 2,162,594 |
| Supplemental disclosure of cash flow information:                                 |                              |              |
| Cash paid for income taxes  | \$ 829,574                   | \$ 889,834   |

*See accompanying notes to unaudited condensed financial statements.*



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**IRADIMED CORPORATION**

**Notes to Unaudited Condensed Financial Statements**

**1 Basis of Presentation**

The accompanying interim condensed financial statements of IRADIMED Corporation ( IRADIMED , the Company , we , our ) have been prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ). The accounting policies followed in the preparation of these interim condensed financial statements are consistent in all material respects with those presented in Note 1 of the Company s financial statements for the year ended December 31, 2013 included in the Company s Registration Statement on Form S-1, as amended (File No. 333-196875) ( Registration Statement ), which was declared effective by the Securities and Exchange Commission ( SEC ) on July 15, 2014.

Interim financial reports are prepared in accordance with the rules and regulations of the SEC; accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. The interim financial information is unaudited, but reflects all normal adjustments that are, in the opinion of management, necessary for the fair presentation of our financial position, results of operations and cash flows for the interim periods presented. These accompanying condensed financial statements should be read in conjunction with the Company s Registration Statement.

Our significant accounting policies are disclosed in the Registration Statement, no significant accounting policies were changed.

Operating results for the three and six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

***Initial Public Offering***

The Company completed an initial public offering ( IPO ) of its common stock on July 21, 2014. See Note 14, Subsequent Events, for disclosures related to the IPO.

***Certain Significant Risks and Uncertainties***

We market our products to end users in the United States and to distributors internationally. Sales to end users in the United States are generally made on open credit terms. Management maintains an allowance for potential credit losses. As of June 30, 2014, one customer accounted for 29.2% of gross accounts receivable. As of December 31, 2013, one customer accounted for 10.8% of gross accounts receivable.

Revenue for the three months ended June 30, 2014 included a sale to a domestic customer for our MRI compatible IV infusion pumps that represented 14.7% of total revenue for the three months ended June 30, 2014. Revenue for the three months ended June 30, 2013 included a sale to an international customer of our MRI compatible IV infusion pumps that represented 16.0% of total revenue for the three months ended June 30, 2013.

### ***Recent Accounting Pronouncements***

In May 2014, the FASB issued Accounting Standards Update ( ASU ) 2014-09, Revenue Contracts with Customers (Topic 606). This update provides guidance on the recognition of revenue based upon the entity's contracts with customers to transfer goods or services at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This update is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period, which will require us to adopt this update in the first quarter of 2017. Early adoption is not permitted. We are evaluating this guidance and have not yet determined the effect it will have on our financial statements and related disclosures, if any.

## **2 Basic and Diluted Net Income per Share**

Basic net income per share is based upon the weighted average number of common shares outstanding during the period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. As discussed further in Note 6, the effect of our 1.75:1 stock split and recapitalization is reflected in the number of outstanding shares and per share information in the table below. Preferred stock and stock options granted by us represent the only dilutive effect reflected in diluted weighted-average shares outstanding.

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