

LRAD Corp  
Form 10-Q  
August 02, 2016

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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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(Mark one)

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

**For the quarterly period ended June 30, 2016**

**or**

**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: 000-24248**

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**LRAD CORPORATION**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

87-0361799  
(I.R.S. Employer  
Identification Number)

16990 Goldentop Rd. Ste. A, San Diego,  
California  
(Address of principal executive offices)

92127  
(Zip Code)

(858) 676-1112

(Registrant's telephone number, including area code)

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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

The number of shares of Common Stock, \$0.00001 par value, outstanding on July 26, 2016 was 31,798,853.

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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****LRAD Corporation****CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2016 (Unaudited)</b>	<b>September 30, 2015</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$15,546,733	\$18,316,103
Short-term marketable securities	2,332,967	1,251,947
Accounts receivable, less allowance of \$11,018 and \$0, respectively	2,547,420	2,116,323
Inventories, net	5,182,118	4,926,172
Prepaid expenses and other	580,781	565,666
Total current assets	26,190,019	27,176,211
Long-term marketable securities	2,047,875	3,047,166
Deferred tax assets	9,203,560	8,339,000
Property and equipment, net	506,651	471,963
Intangible assets, net	59,574	58,385
Prepaid expenses and other - noncurrent	438,325	578,938
Total assets	\$38,446,004	\$39,671,663
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$1,454,255	\$703,942
Accrued liabilities	1,899,855	870,555
Total current liabilities	3,354,110	1,574,497
Other liabilities - noncurrent	157,070	147,954
Total liabilities	3,511,180	1,722,451
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.00001 par value; 5,000,000 shares authorized; none issued and outstanding	-	-

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Common stock, \$0.00001 par value; 50,000,000 shares authorized; 31,798,853 and 32,898,461 shares issued and outstanding, respectively	318	329
Additional paid-in capital	86,315,868	87,608,034
Accumulated deficit	(51,381,314)	(49,658,850)
Accumulated other comprehensive loss	(48 )	(301 )
Total stockholders' equity	34,934,824	37,949,212
Total liabilities and stockholders' equity	\$38,446,004	\$39,671,663

See accompanying notes

**LRAD Corporation**

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended		Nine months ended	
	June 30,	2015	June 30,	2015
	2016		2016	
Revenues:				
Product sales	\$4,753,898	\$3,256,564	\$10,657,412	\$11,655,451
Contract and other	288,271	249,351	808,263	722,122
Total revenues	5,042,169	3,505,915	11,465,675	12,377,573
Cost of revenues	2,601,731	1,804,905	6,095,413	6,020,601
Gross profit	2,440,438	1,701,010	5,370,262	6,356,972
Operating expenses:				
Selling, general and administrative	1,568,226	1,286,095	5,305,012	4,154,314
Research and development	632,416	519,991	1,791,253	1,567,113
Total operating expenses	2,200,642	1,806,086	7,096,265	5,721,427
Income (loss) from operations	239,796	(105,076 )	(1,726,003 )	635,545
Other income	30,512	31,863	95,469	88,987
Income (loss) from operations before income taxes	270,308	(73,213 )	(1,630,534 )	724,532
Income tax benefit	(6,614 )	(9,266 )	(862,720 )	(7,666 )
Net income (loss)	\$276,922	\$(63,947 )	\$(767,814 )	\$732,198
Net income (loss) per common share - basic and diluted	\$0.01	\$(0.00 )	\$(0.02 )	\$0.02
Weighted average common shares outstanding:				
Basic	31,798,853	33,152,714	32,028,153	33,214,242
Diluted	31,861,308	33,152,714	32,028,153	33,738,616
Cash dividends declared per common share	\$0.01	\$-	\$0.03	\$-

See accompanying notes

**LRAD Corporation**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	<b>Three months ended June 30,</b>		<b>Nine months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net income (loss)	\$276,922	\$(63,947)	\$(767,814)	\$732,198
Other comprehensive income, net of tax:				
Unrealized gain on marketable securities, net of tax	781	701	252	397
Other comprehensive income	781	701	252	397
Comprehensive income (loss)	\$277,703	\$(63,246)	\$(767,562)	\$732,595

See accompanying notes

**LRAD Corporation****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

	<b>Nine months ended</b>	
	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating Activities:</b>		
Net (loss) income	\$(767,814 )	\$732,198
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	133,844	182,569
Provision for doubtful accounts	11,018	-
Warranty provision	30,610	19,720
Inventory obsolescence	1,408	42,286
Share-based compensation	456,279	461,717
Deferred income taxes	(864,560 )	-
Changes in operating assets and liabilities:		
Accounts receivable	(442,115 )	1,549,018
Inventories	(257,354 )	(1,224,048)
Prepaid expenses and other	(15,115 )	(75,767 )
Prepaid expenses and other - noncurrent	140,613	140,614
Accounts payable	750,313	570,066
Payroll and related	869,999	(2,425,472)
Warranty settlements	(31,949 )	(33,260 )
Accrued and other liabilities	169,756	(562,312 )
Net cash provided by (used in) operating activities	184,933	(622,671 )
<b>Investing Activities:</b>		
Purchases of marketable securities	(81,476 )	(4,741,067)
Capital expenditures	(163,521 )	(273,482 )
Patent costs paid	(6,200 )	(3,385 )
Net cash used in investing activities	(251,197 )	(5,017,934)
<b>Financing Activities:</b>		
Repurchase of common stock	(1,748,456)	(965,474 )
Proceeds from exercise of stock options	-	494,834
Common stock cash dividends paid	(954,650 )	-
Net cash used in financing activities	(2,703,106)	(470,640 )
Net decrease in cash	(2,769,370)	(6,111,245)