

ChromaDex Corp.
Form 10-Q/A
December 05, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q /A
(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 29, 2013

Commission File Number: 000-53290

CHROMADDEX CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware 26-2940963
(State or other jurisdiction of incorporation or
organization) (I.R.S. Employer Identification No.)

10005 Muirlands Blvd. Suite G, Irvine, California 92618
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (949) 419-0288

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 (Section 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

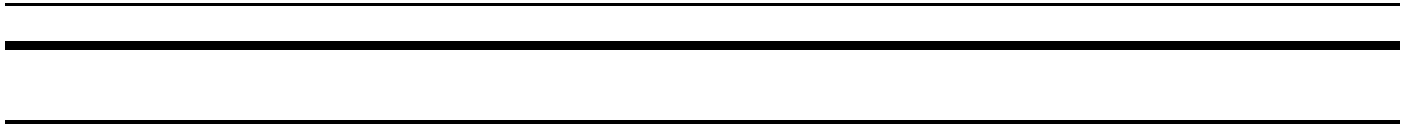
Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer or smaller reporting company. See definition of "large accelerated filer, accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if 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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Number of shares of common stock of the registrant: 101,307,164 outstanding as of August 12, 2013.



CHROMADDEX CORPORATION

2013 QUARTERLY REPORT ON FORM 10- Q/A

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Explanatory Note

This Quarterly Report on Form 10-Q/A of ChromaDex Corporation (the “Company”) for the quarterly period ended June 29, 2013 includes restated condensed consolidated balance sheet as of June 29, 2013, condensed consolidated statements of operations for the three and six months ended June 29, 2013, condensed consolidated statement of cash flows for the six months ended June 29, 2013 and restated notes to such condensed consolidated financial statements. This restatement is to reflect a correction in the manner in which the Company has accounted for the sale of the BluScience assets to NeutriSci International, Inc. (“NeutriSci”). The value of the equity and the senior secured convertible note that the Company received from NeutriSci as part of the purchase price were originally accounted for at their stated values which resulted in the Company recognizing a gain on the sale of the BluScience assets. Due to the inability to make a reliably determinable estimate of the fair value of the NeutriSci equity securities and the ultimate collectability of the note received as consideration, management has determined that the proper accounting for the sale transaction is the cost recovery method. Under the cost recovery method, no gain on the sale will be recognized until the Company’s cost basis in the net assets sold has been recovered. In addition, the Company originally accounted for its investment in NeutriSci under the cost method and the Company has now determined that the equity method should have been used. The restatement of the Company’s previously issued condensed consolidated financial statements to reflect its correction in accounting for the sale of BluScience assets to NeutriSci is referred to herein as the “Restatement.”

For further information regarding the Restatement, see the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on November 21, 2013 (the “Restatement 8-K”), and for detailed financial information with respect to the Restatement, see Note 2 of the notes to condensed consolidated financial statements included in this Quarterly Report on Form 10-Q/A.

The following items of the Form 10-Q have been modified or revised in this Form 10-Q/A to reflect the Restatement:

- Part I, Item 1. Financial Statements;
- Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations;
- Part I, Item 4. Controls and Procedures; and
- Part II, Item 6. Exhibits

The Company’s Chief Executive Officer and Chief Financial Officer have provided currently dated certifications pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002 in connection with this Amendment on Form 10-Q/A; the certifications are filed as Exhibits 31.1, 31.2 and 31.3.

This amended Quarterly Report on Form 10-Q/A sets forth the original Quarterly Report on Form 10-Q in its entirety, except as required to reflect the effects of the Restatement. Except for disclosures affected by the Restatement, this amended Quarterly Report on Form 10-Q/A speaks as of the original filing date of May 10, 2013 and does not modify or update disclosures in the Form 10-Q, including the nature and character of such disclosures, to reflect events occurring or items discovered after the original filing date of the Form 10-Q.

This amended Quarterly Report on Form 10-Q/A should be read in conjunction with the Company’s other filings, as amended, made with the Securities and Exchange Commission subsequent to December 29, 2012, including the Restatement 8-K, the Company’s Annual Report on Form 10-K for the year ended December 29, 2012, as filed with the SEC on March 29, 2013 and the Company’s amended Quarterly Report on Form 10-Q/A for the three month period ended March 30, 2013, as filed with the SEC concurrently with this amended Quarterly Report on Form 10-Q/A.

PART I – FINANCIAL INFORMATION (UNAUDITED)

ITEM 1. FINANCIAL STATEMENTS

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
June 29, 2013 and December 29, 2012

| | June 29, 2013 (Restated, Note 2) | December 29, 2012 |
|---|-------------------------------------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 826,631 | \$ 520,000 |
| Trade receivables, less allowance for doubtful accounts and returns June 29, 2013 \$17,000; December 29, 2012 \$450,000 | 1,186,529 | 1,940,539 |
| Non-trade receivable | 250,000 | - |
| Inventories | 1,944,597 | 5,205,304 |
| Prepaid expenses and other assets | 436,455 | 261,297 |
| Total current assets | 4,644,212 | 7,927,140 |
| Leasehold Improvements and Equipment, net | 1,012,963 | 936,426 |
| Other Noncurrent Assets | | |
| Deposits | 41,192 | 34,773 |
| Long-term investment in affiliate (Note 4) | 2,157,804 | - |
| Intangible assets, net | 165,561 | 136,182 |
| Total other noncurrent assets | 2,364,557 | 170,955 |
| Total assets | \$ 8,021,732 | \$ 9,034,521 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | \$ 2,152,023 | \$ 3,428,233 |
| Accrued expenses | 711,503 | 876,158 |
| Current maturities of capital lease obligations | 110,382 | 77,259 |
| Customer deposits and other | 336,824 | 310,267 |
| Deferred rent, current | 51,743 | 71,042 |
| Total current liabilities | 3,362,475 | 4,762,959 |
| Capital lease obligations, less current maturities | 238,287 | 148,374 |
| Deferred rent, less current | 152,456 | 129,859 |
| Stockholders' Equity | | |
| Common stock, \$.001 par value; authorized 150,000,000 shares; issued and outstanding June 29, 2013 100,807,164 and December 29, 2012 92,140,062 shares | 100,807 | 92,140 |
| Additional paid-in capital | 36,329,257 | 33,617,801 |

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| | | |
|--|---------------|---------------|
| Accumulated deficit | (32,161,550) | (29,716,612) |
| Total stockholders' equity | 4,268,514 | 3,993,329 |
| Total liabilities and stockholders' equity | \$ 8,021,732 | \$ 9,034,521 |

See Notes to Condensed Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
For the Three Month Periods Ended June 29, 2013 and June 30, 2012

| | June 29, 2013 (Restated, Note 2) | June 30, 2012 |
|--|-------------------------------------|-----------------|
| Sales | \$ 2,706,896 | \$ 2,670,611 |
| Cost of sales | 1,746,158 | 1,905,916 |
| Gross profit | 960,738 | 764,695 |
| Operating expenses: | | |
| Sales and marketing | 631,559 | 1,868,418 |
| General and administrative | 1,342,280 | 2,883,728 |
| Operating expenses | 1,973,839 | 4,752,146 |
| Operating loss | (1,013,101) | (3,987,451) |
| Nonoperating income (expense): | | |
| Interest income | 296 | 1,056 |
| Interest expense | (8,061) | (7,562) |
| Nonoperating expenses | (7,765) | (6,506) |
| Net loss | \$ (1,020,866) | \$ (3,993,957) |
| Basic and Diluted net loss per common share | \$ (0.01) | \$ (0.04) |
| Basic and Diluted weighted average common shares outstanding | 99,833,963 | 91,362,664 |

See Notes to Condensed Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
For the Six Month Periods Ended June 29, 2013 and June 30, 2012

| | June 29, 2013 (Restated, Note 2) | June 30, 2012 |
|--|-------------------------------------|-----------------|
| Sales | \$ 5,041,462 | \$ 4,455,617 |
| Cost of sales | 3,407,884 | 4,295,136 |
| Gross profit | 1,633,578 | 160,481 |
| Operating expenses: | | |
| Sales and marketing | 1,360,983 | 3,727,080 |
| General and administrative | 2,702,181 | 4,845,639 |
| Operating expenses | 4,063,164 | 8,572,719 |
| Operating loss | (2,429,586) | (8,412,238) |
| Nonoperating income (expense): | | |
| Interest income | 500 | 2,255 |
| Interest expense | (15,852) | (15,827) |
| Nonoperating expenses | (15,352) | (13,572) |
| Net loss | \$ (2,444,938) | \$ (8,425,810) |
| Basic and Diluted net loss per common share | \$ (0.03) | \$ (0.10) |
| Basic and Diluted weighted average common shares outstanding | 97,230,043 | 88,034,429 |

See Notes to Condensed Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity (Unaudited)
Six Months Ended June 29, 2013

| | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity |
|---|------------------------|------------------------|-------------------------------|------------------------|----------------------------------|
| Balance, December 29, 2012 | 92,140,062 | \$ 92,140 | \$ 33,617,801 | \$ (29,716,612) | \$ 3,993,329 |
| Exercise of stock options | 13,538 | 14 | 6,755 | - | 6,769 |
| Exercise of warrants | 3,414,283 | 3,414 | 713,585 | - | 716,999 |
| Share-based compensation | 440,000 | 440 | 548,212 | - | 548,652 |
| Net loss, as restated (Note 2) | - | - | - | (1,424,072) | (1,424,072) |
| Balance, March 30, 2013, as restated (Note 2) | 96,007,883 | \$ 96,008 | \$ 34,886,353 | \$ (31,140,684) | \$ 3,841,677 |
| Exercise of stock options | 250,000 | 250 | 124,750 | - | 125,000 |
| Exercise of warrants | 4,389,281 | 4,389 | 917,360 | - | 921,749 |
| Share-based compensation | 160,000 | 160 | 400,794 | - | 400,954 |
| Net loss, as restated (Note 2) | - | - | - | (1,020,866) | (1,020,866) |

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