

ACCURAY INC
Form 10-Q
May 07, 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 March 31, 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: 001-33301

ACCURAY INCORPORATED

(Exact Name of Registrant as Specified in Its Charter)

Edgar Filing: ACCURAY INC - Form 10-Q

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

20-8370041

(IRS Employer Identification Number)

1310 Chesapeake Terrace

Sunnyvale, California 94089

(Address of Principal Executive Offices Including Zip Code)

(408) 716-4600

(Registrant's Telephone Number, Including Area Code)

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 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 (§ 229.405 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 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 a 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

As of May 2, 2014, there were 76,764,330 shares of the Registrant's Common Stock, par value \$0.001 per share, outstanding.

Table of Contents

Accuray Incorporated

Form 10-Q for the Quarter Ended March 31, 2014

Table of Contents

		Page No.
<u>PART I.</u>	<u>Financial Information</u>	3
<u>Item 1.</u>	<u>Unaudited Condensed Consolidated Financial Statements:</u>	3
	<u>Condensed Consolidated Balance Sheets as of March 31, 2014 and June 30, 2013</u>	3
	<u>Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended March 31, 2014 and 2013</u>	4
	<u>Condensed Consolidated Statements of Cash Flows for the nine months ended March 31, 2014 and 2013</u>	5
	<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	26
<u>Item 4.</u>	<u>Controls and Procedures</u>	26
<u>PART II.</u>	<u>Other Information</u>	27
<u>Item 1.</u>	<u>Legal Proceedings</u>	27
<u>Item 1A.</u>	<u>Risk Factors</u>	27
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	29
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	29
<u>Item 5.</u>	<u>Other Information</u>	29
<u>Item 6.</u>	<u>Exhibits</u>	30
<u>Signatures</u>		31

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements****Accuray Incorporated****Condensed Consolidated Balance Sheets**

(in thousands, except share amounts and par value)

(Unaudited)

	March 31, 2014	June 30, 2013 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 88,013	\$ 73,313
Short-term investments	86,009	101,084
Restricted cash	2,960	2,728
Accounts receivable, net of allowance for doubtful accounts of \$1,250 and \$2,160, respectively	59,264	55,458
Inventories	95,088	81,592
Prepaid expenses and other current assets	17,939	12,595
Deferred cost of revenue	10,408	9,165
Total current assets	359,681	335,935
Property and equipment, net	34,539	34,733
Goodwill	58,102	59,368
Intangible assets, net	25,506	31,896
Deferred cost of revenue	2,296	2,149
Other assets	10,948	11,848
Total assets	\$ 491,072	\$ 475,929
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 18,139	\$ 15,920
Accrued compensation	25,602	12,461
Other accrued liabilities	21,689	22,893
Customer advances	22,341	17,692
Deferred revenue	90,602	86,893
Total current liabilities	178,373	155,859
Long-term liabilities:		
Long-term other liabilities	5,599	5,382
Deferred revenue	8,985	9,085
Long-term debt	202,287	198,768
Total liabilities	395,244	369,094
Commitment and contingencies (Note 5)		
Stockholders Equity:		
Preferred stock, \$0.001 par value; authorized: 5,000,000 shares; no shares issued and outstanding		

Edgar Filing: ACCURAY INC - Form 10-Q

Common stock, \$0.001 par value; authorized: 200,000,000 shares as of March 31, 2014 and June 30, 2013, respectively; issued and outstanding: 76,706,479 and 74,587,231 shares at March 31, 2014 and June 30, 2013, respectively	77	75
Additional paid-in capital	438,661	424,524
Accumulated other comprehensive income	2,375	1,882
Accumulated deficit	(345,285)	(319,646)
Total stockholders' equity	95,828	106,835
Total liabilities and stockholders' equity	\$ 491,072	\$ 475,929

(1) The condensed consolidated balance sheet at June 30, 2013 has been derived from audited consolidated financial statements.

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

Table of Contents

Accuray Incorporated

Condensed Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March		Nine Months Ended March	
	2014	31, 2013	2014	31, 2013
Net revenue:				
Products	\$ 47,045	\$ 25,023	\$ 121,761	\$ 98,821
Services	50,099			