

Stereotaxis, Inc.  
Form 10-K/A  
December 29, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-K/A**

**Amendment No. 1**

(MARK ONE)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

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 000-50884**

**STEREOTAXIS, INC.**

(Exact name of Registrant as Specified in its Charter)

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**DELAWARE**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**94-3120386**  
(I.R.S. Employer  
Identification Number)

**4320 Forest Park Avenue**  
**St. Louis, MO 63108**

(Address of Principal Executive Offices including Zip Code)

**(314) 678-6100**

(Registrant's Telephone Number, Including Area Code)

**Securities registered pursuant to Section 12(b) of the Act: Common Stock, \$.001 Par Value**

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K.

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. (Check one):

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 aggregate market value of the registrant's common stock held by non-affiliates of the registrant on the last business day of the registrant's most recently completed second fiscal quarter (based on the closing sales prices on the NASDAQ Global Market on June 30, 2007) was approximately \$368 million.

The number of outstanding shares of the registrant's common stock on October 31, 2008 was 37,416,111.

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**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement for the Registrant's next Annual Meeting of Stockholders to be held on May 29, 2008 are incorporated by reference into Part III of this Form 10-K.

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**EXPLANATORY NOTE**

This Amendment No. 1 amends Stereotaxis, Inc.'s (the "Company") Annual Report on Form 10-K for the year ended December 31, 2007, which was filed with the Securities and Exchange Commission on March 17, 2008 (the "Original Filing"). The Company is filing this Amendment No. 1 for the sole purpose of updating: (i) Note 19 to our Financial Statements to provide plans to address its liquidity and cash flow issues, (ii) the Report of Independent Registered Public Accounting Firm and (iii) Exhibits 23.1, 31.1, 31.2, 32.1 and 32.2.

Except as described above, this Amendment No. 1 does not amend any other information set forth in the Original Filing and the Company has not updated disclosures included therein to reflect any events that occurred subsequent to March 17, 2008.

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**PART II**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**  
**Financial Statements**

**Index To Financial Statements**

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Schedule II Valuation and Qualifying Accounts	
All other schedules have been omitted because they are not applicable or the required information is shown in the Financial Statements or the Notes thereto.	

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders

Stereotaxis, Inc.

We have audited the accompanying balance sheets of Stereotaxis, Inc. (the Company) as of December 31, 2007 and 2006, and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Since the date of completion of our audit of the accompanying financial statements and initial issuance of our report thereon dated March 13, 2008, the Company, as discussed in Note 19, has experienced net losses and negative operating cash flows adversely affecting the Company's current results of operations and liquidity. Note 19 describes management's plans to address these issues.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stereotaxis, Inc. at December 31, 2007 and 2006, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the financial statements, on January 1, 2006, the Company changed its method of accounting for share-based payments.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Stereotaxis, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 13, 2008, expressed an unqualified opinion thereon.

/s/ Ernst & Young, LLP

St. Louis, Missouri

March 13, 2008, except Note 19 as to which the date is December 26, 2008

**Table of Contents****STEREOTAXIS, INC.****BALANCE SHEETS**

	December 31,	
	2007	2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,022,200	\$ 15,210,493
Short-term investments	6,634,178	21,773,288
Accounts receivable, net of allowance of \$189,040 and \$90,716 in 2007 and 2006, respectively	13,757,270	15,280,628
Current portion of long-term receivables	136,430	163,362
Inventories	9,964,460	8,285,825
Prepaid expenses and other current assets	3,421,202	2,580,773
<b>Total current assets</b>	<b>50,935,740</b>	<b>63,294,369</b>
Property and equipment, net	7,011,763	4,130,295
Intangible assets, net	1,411,111	1,544,444
Long-term receivables	272,859	
Other assets	844,321	321,552
<b>Total assets</b>	<b>\$ 60,475,794</b>	<b>\$ 69,290,660</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 972,222	\$ 1,666,666
Accounts payable	7,349,426	5,555,121
Accrued liabilities	11,913,418	10,025,231
Deferred contract revenue	8,774,958	5,663,553
<b>Total current liabilities</b>	<b>29,010,024</b>	<b>22,910,571</b>
Long-term debt, less current maturities	6,000,000	305,556
Long-term deferred contract revenue	942,573	1,220,174
Other liabilities	328,790	65,367
Stockholders' equity:		
Preferred stock, par value \$0.001; 10,000,000 shares authorized at 2007 and 2006, none outstanding at 2007 and 2006		
Common stock, par value of \$0.001; 100,000,000 shares authorized at 2007 and 2006, 37,132,529 and 34,755,397 shares issued at 2007 and 2006, respectively	37,133	34,755
Additional paid in capital	276,433,662	248,908,918
Treasury stock, 40,151 shares at 2007 and 2006	(205,999)	(205,999)
Accumulated deficit	(252,072,353)	(203,950,839)
Accumulated other comprehensive income	1,964	2,157
<b>Total stockholders' equity</b>	<b>24,194,407</b>	<b>44,788,992</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 60,475,794</b>	<b>\$ 69,290,660</b>

See accompanying notes.

**Table of Contents****STEREOTAXIS, INC.****STATEMENTS OF OPERATIONS**

	Year Ended December 31,		
	2007	2006	2005
<b>Revenue:</b>			
Systems	\$ 30,118,627	\$ 22,656,092	\$ 12,760,593
Disposables, service and accessories	9,180,182	4,535,614	2,265,797
<b>Total revenue</b>	<b>39,298,809</b>	<b>27,191,706</b>	<b>15,026,390</b>
<b>Cost of revenue:</b>			
Systems	10,978,108	10,448,772	5,965,252
Disposables, service and accessories	2,497,459	2,443,977	1,755,454
Inventory impairment	1,870,653		
<b>Total cost of revenue</b>	<b>15,346,220</b>	<b>12,892,749</b>	<b>7,720,706</b>
<b>Gross margin</b>	<b>23,952,589</b>	<b>14,298,957</b>	<b>7,305,684</b>
<b>Operating expenses:</b>			
Research and development	25,471,809	21,794,177	17,829,282
Sales and marketing	29,021,117	22,533,882	16,106,621
General and administrative	18,701,726	16,642,359	14,449,326
Royalty settlement			2,923,111
<b>Total operating expenses</b>	<b>73,194,652</b>	<b>60,970,418</b>	<b>51,308,340</b>
<b>Operating loss</b>	<b>(49,242,063)</b>	<b>(46,671,461)</b>	<b>(44,002,656)</b>
Interest income	1,471,503	2,126,987	949,918
Interest expense	(350,954)	(1,175,296)	(505,097)
<b>Net loss</b>	<b>\$ (48,121,514)</b>	<b>\$ (45,719,770)</b>	<b>\$ (43,557,835)</b>
<b>Net loss per common share:</b>			
Basic and diluted	\$ (1.34)	\$ (1.39)	\$ (1.60)
<b>Weighted average shares used in computing net loss per common share:</b>			
Basic and diluted	35,793,973	32,979,403	27,301,822

See accompanying notes.

**Table of Contents****STEREOTAXIS, INC.****STATEMENTS OF STOCKHOLDERS EQUITY**

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Treasury Stock	Notes Receivable from Sale of Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity
	Shares	Amount							
Balance at December 31, 2004	27,187,042	\$ 27,187	\$ 174,143,587	\$ (671,950)	\$ (162,546)	\$ (173,432)	\$ (114,673,234)	\$ (95,144)	\$ 58,394,468
Issuance of warrants to purchase common stock			938,850						938,850
Amortization of stock-based compensation				747,412					747,412
Payments of notes receivable from sale of stock						3,750			3,750
Interests receivable from sale of stock						(10,937)			(10,937)
Issuance of stock under stock purchase plan	29,554	30	201,097						201,127
Exercise of stock warrants	14,888	15	(15)						
Exercise of stock options	282,527	282	1,358,193						1,358,475
Grant of restricted shares, net of forfeitures	359,100	359	2,644,863	(2,645,222)					
Components of comprehensive income (loss):									
Net Loss							(43,557,835)		(43,557,835)
Unrealized gain on short term investments								50,532	50,532
Comprehensive Loss									(43,507,303)
Balance at December 31, 2005	27,873,111	\$ 27,873	\$ 179,286,575	\$ (2,569,760)	\$ (162,546)	\$ (180,619)	\$ (158,231,069)	\$ (44,612)	\$ 18,125,842
Balance at December 31, 2005	27,873,111	27,873	179,286,575	(2,569,760)	(162,546)	(180,619)	(158,231,069)	(44,612)	18,125,842
Adoption of SFAS 123(R)			(2,569,760)	2,569,760					