

Bacterin International Holdings, Inc.
Form 10-Q
November 07, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2014

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: 001-34951

BACTERIN INTERNATIONAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this Form 10-Q that are not purely historical are forward-looking statements within the meaning of applicable securities laws. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions, plans, or strategies regarding the future. In addition, statements that refer to projections, forecasts, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words anticipate, believe, continue, could, estimate, expect, intend, may, might, plan, possible, potential, predict, project, should and would, as well as variations of these words, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward looking. Forward-looking statements in this Form 10-Q may include, for example, statements about:

- our ability to remain listed on the NYSE MKT exchange;
- our ability to increase revenue;
- our ability to obtain financing on reasonable terms;
- our ability to comply with the covenants in our credit facility;
- our ability to maintain sufficient liquidity to fund our operations;
- the ability of our sales force to achieve expected results;
- our ability to remain competitive;
- government regulations;
- our ability to expand our production capacity;
- our ability to innovate and develop new products;
- our ability to obtain donor cadavers for our products;
- our ability to engage and retain qualified technical personnel and members of our management team;
- government and third-party coverage and reimbursement for our products;
- our ability to obtain regulatory approvals;
- our ability to successfully integrate future business combinations or acquisitions;
- product liability claims and other litigation to which we may be subjected;
- product recalls and defects;
- timing and results of clinical studies;
- our ability to obtain and protect our intellectual property and proprietary rights;
- infringement and ownership of intellectual property;
- influence by our management; and
- our ability to issue preferred stock.

The forward-looking statements contained in this Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties, or assumptions, many of which are beyond our control, which may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the **Risk Factors** section of this Quarterly Report on Form 10-Q. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws.

Table of Contents**PART I - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****BACTERIN INTERNATIONAL HOLDINGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2014 (unaudited)	As of December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$6,953,279	\$3,046,340
Trade accounts receivable, net of allowance for doubtful accounts of \$1,463,046 and \$1,309,859, respectively	4,294,496	4,793,834
Inventories, net	11,139,471	10,753,600
Prepaid and other current assets	808,213	574,910
Total current assets	23,195,459	19,168,684
Non-current inventories	1,635,380	2,119,952
Property and equipment, net	4,767,137	5,180,556
Intangible assets, net	649,119	586,965
Other assets	1,566,059	1,821,471
Total Assets	\$31,813,154	\$28,877,628
LIABILITIES & STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities:		
Accounts payable	\$3,893,250	\$2,767,639
Accounts payable - related party	406,669	647,844
Accrued liabilities	1,947,328	3,585,037
Warrant derivative liability	2,018,234	1,594,628
Current portion of capital lease obligations	109,235	171,926
Current portion of royalty liability	951,500	836,750
Current portion of long-term debt	49,918	47,727
Total current liabilities	9,376,134	9,651,551
Long-term Liabilities:		

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Capital lease obligation, less current portion	9,782	73,777
Long term royalty liability, less current portion	6,425,500	6,609,232