CRYO CELL INTERNATIONAL INC
Form 10-K
March 02, 2015
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U.S. Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the fiscal year ended November 30, 2014

¨ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the transition period from _____ to _____

Commission File Number 000-23386

CRYO-CELL INTERNATIONAL, INC.

(Exact Name of registrant as specified in its charter)

DELAWARE	**22-3023093**

(State or other jurisdiction of incorporation or organization) **(I.R.S. Employer Identification No.)**

700 Brooker Creek Blvd, Suite 1800, Oldsmar, FL 34677

(Address of principal executive offices) (Zip Code)

Registrant s telephone number: (813) 749-2100

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class

None

Securities registered pursuant to Section 12 (g) of the Act:

Common Stock, par value $0.01 per share

(Title of class)

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

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

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 x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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 the 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, or a non-accelerated filer or a 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 ¨ (Do not check if a smaller reporting company) Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ¨ No x

The aggregate market value of the Registrant s Common Stock held by non-affiliates of the Registrant is computed by reference to the price at which the common stock was last sold as of the last business day of the Registrant s most recently completed second fiscal quarter was $18,091,915.

State the number of shares outstanding of each of the Registrant s classes of common stock, as of the latest practicable date. As of February 15, 2015, 12,225,340 shares of $0.01 par value common stock were issued and 10,001,723 were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Forward-Looking Statements

This Form 10-K, press releases and certain information provided periodically in writing or orally by the Company s officers or its agents may contain statements which constitute forward-looking statements . The terms Cryo-Cell International, Inc., Cryo-Cell, Company, we, our and us refer to Cryo-Cell International, Inc. The words expe believe, goal, plan, intend, estimate and similar expressions and variations thereof, if used, are intended to speci identify forward-looking statements. Those statements appear in a number of places in this Form 10-K and in other places, and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, our future performance and operating results, our future operating plans, our liquidity and capital resources; and our legal proceedings. Investors and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors.

ITEM 1. BUSINESS.

Introduction

Cryo-Cell International, Inc. (the Company or Cryo-Cell) a Delaware corporation that was incorporated in 1989. The Company operates in one reportable segment and is principally engaged in cellular processing and cryogenic storage, with a current focus on the collection and preservation of umbilical cord blood stem cells for family use. The Company, in combination with its global affiliates, currently stores over 300,000 cord blood and cord tissue specimens worldwide for the exclusive benefit of newborn babies and possibly other members of their families. Founded in 1989, the Company was the world s first private cord blood bank to separate and store stem cells in 1992. All aspects of its U.S.-based business operations, including the processing and storage of specimens, are handled from its headquarters facility in Oldsmar, Florida. The specimens are stored in commercially available cryogenic storage units at this technologically and operationally advanced facility.

In recent years, utilizing its infrastructure, experience and resources derived from its umbilical cord blood stem cell business, the Company has expanded its research and development activities to develop technologies related to stem cells harvested from sources beyond umbilical cord blood stem cells. During fiscal 2011, the Company introduced the advanced new cord tissue service, which stores a section of the umbilical cord tissue. The Company offers the cord tissue service in combination with the umbilical cord blood service. This service is growing; however, the umbilical cord blood service continues to be the Company s main focus.

Cord Blood Stem Cell Processing and Storage Business

Background of Business

Nearly fifty years ago researchers discovered that cells could be cryopreserved at extremely low temperatures and all cellular activity would cease until the specimens were thawed. Historically, cryopreservation was required for organ transplants, blood banking and medical research. Today, cryopreservation of umbilical cord blood stem cells gives parents the opportunity to potentially take advantage of evolving cellular therapies and other medical technologies.

Hematopoietic stem cells are the building blocks of our blood and immune systems. They form the white blood cells that fight infection, red blood cells that carry oxygen throughout the body and platelets that promote healing. Stem cells are found in bone marrow where they continue to generate cells throughout our lives. Stem cells can be stored in

a cryogenic environment, and upon thawing, infused into a patient. They can be returned to the individual from whom they were taken (autologous)

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or donated to someone else (allogeneic). An individual s own bone marrow may be used for a transplant if the cancer has not entered the marrow system (metastasized). Otherwise, a marrow donor needs to be identified to provide the needed bone marrow. The availability of a marrow donor or matched stem cell specimen allows physicians to administer larger doses of chemotherapy or radiation in an effort to eradicate the disease. Stem cell therapies and transplants are used for both cancerous and non-cancerous diseases.

Stem cells are found in umbilical cord blood (cord blood stem cells) and can be collected and stored after a baby is born. Over 30,000 cord blood stem cell transplants have been performed to date. The Company believes that parents will want to save and store these cells for potential future use by their family, either for the donor or for another family member. Moreover, researchers believe they may be utilized in the future for treating diseases that currently have no cure.

The Company believes that the market for cord blood stem cell preservation is enhanced by global discussion on stem cell research developments and the current focus on reducing prohibitive health care costs. With the increasing costs of bone marrow matches and transplants, a newborn s umbilical cord blood cells can be stored as a precautionary measure. Medical technology is constantly evolving which may provide new uses for cryopreserved cord blood stem cells.

Our Cord Blood Stem Cell Storage Services

The Company enters into storage agreements with its clients under which the Company charges a fee for the processing and testing and first year of storage of the umbilical cord blood. Thereafter, the client is charged an annual fee to store the specimen, unless the client has entered into a 21-year pre-paid storage plan or a lifetime pre-paid storage plan.

The Company s corporate headquarters are located in a nearly 18,000 square-foot state-of-the-art current Good Manufacturing Practice and Good Tissue Practice (cGMP/cGTP)-compliant facility. Food and Drug Administration (FDA) 21 CFR Part 1271, effective in May 2005, requires human cellular and tissue-based products to be manufactured in compliance with good tissue practices (cGTPs). The Company s laboratory processing facility contains a Class 10,000 clean room and Class 100 environments for the processing of cord blood stem cells and other cellular tissues. In addition, the cellular products cryogenic storage area has been designed as a bunker, with enhanced provisions for security, building fortification for environmental element protection and back-up systems for operational redundancies. The Company believes that it was the first private bank to process cord blood in a technologically and operationally advanced cGMP/cGTP-compliant facility. The Company s facility, which also currently houses the Company s client services, marketing and administrative operations, is designed to accommodate a broad range of events such as client tours and open houses, as well as educational workshops for clinicians and expectant parents.

Competitive Advantages

The Company believes that it provides several key advantages over its competitors, including:

- The world s first private cord blood bank, with an established client base exceeding 300,000 worldwide,

our status as a cGMP- and cGTP-compliant private cord blood bank with International Organization for Standardization (ISO) certification, AABB accreditation and FACT (the Foundation for the Accreditation for Cellular Therapy) accreditation,

a state-of-the-art laboratory processing facility,

utilizes the industry gold standard processing method using superior technology that yields the maximum recovery of healthy stem cells and provides superior red blood depletion over all other methods,

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a safe, secure and monitored storage environment,

since inception, 100% of the Company s specimens have been viable upon thaw for therapeutic use,

a state-of the-art, insulated collection kit that protects cord blood specimens thirty times longer under extreme conditions than competitor s kits,

7 day per week processing capability,

a 24-hour, 7 day per week client support staff to assist clients and medical caregivers, and

a payment warranty under which the Company agrees to pay $50,000 (effective February 1, 2012 this payment was increased to $75,000 for new clients) to its client if the umbilical cord blood product retrieved is used for a stem cell transplant for the donor or an immediate family member and fails to engraft, subject to various restrictions.

Cord Tissue

In August 2011, the Company introduced its advanced new cord tissue service, which stores a section of the umbilical cord tissue. Approximately six inches of the cord tissue is procured and transported to the Company s laboratory for processing, testing and cryopreservation for future potential use. Umbilical cord tissue is a rich source of mesenchymal stem cells (MSCs). Mesenchymal stem cells have many unique functions including the ability to inhibit inflammation following tissue damage, to secrete growth factors that aid in tissue repair, and to differentiate into many cell types including neural cells, bone cells, fat cells and cartilage. MSCs are increasingly being utilized in regenerative medicine for a wide range of conditions including heart and kidney disease, ALS, wound healing and auto-immune diseases. Mesenchymal stem cells from several different tissues are being tested in clinical trials for efficacy. Specifically, cells derived from cord tissue are currently being used in many clinical trials; disorders being treated include cardiomyopathy, ulcerative colitis, diabetes, anemia, autism and cirrhosis of the liver.

Marketing

Marketing Approach

It is the Company s mission to inform expectant parents and their prenatal care providers of the potential medical benefits from preserving stem cells and to provide them the means and processes for collection and storage of these cells. Today, stem cell transplants are known and accepted treatments for approximately 80 diseases, a number of them life-threatening. With continued research in this area of medical technology, other therapeutic uses for cord blood stem cells are being explored. A vast majority of expectant parents are simply unaware that umbilical cord blood contains a rich supply of non-controversial stem cells and that they can be collected, processed and stored for the potential future use of the newborn and possibly related family members. A baby s stem cells are a perfect match for the baby throughout its life and have at least a 1-in-4 chance of being a perfect match for a sibling. There is no assurance however, that a perfect match means the cells could be used to treat certain diseases of the newborn or a relative. Today, it is still common for the cord blood (the blood remaining in the umbilical cord and placenta) to be discarded at the time of birth as medical waste.

Despite the potential benefits of umbilical cord blood stem cell preservation, the number of parents of newborns participating in stem cell preservation is still relatively small compared to the

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number of births (four million per annum) in the United States. Some reasons for this low level of market penetration are the misperception of the high cost of stem cell storage and a general lack of awareness of the benefits of stem cell preservation programs. However, evolving medical technology could significantly increase the utilization of the umbilical cord blood for transplantation and/or other types of treatments. The Company believes it offers the highest quality, highest value service targeted to a broad base of the market. We intend to maximize our growth potential through our superior quality, value-driven competitive leadership position, product differentiation, a fast-growing embedded client base, increased public awareness and accelerated market penetration.

Umbilical Cord Blood and Cord Tissue Services

The Company markets its cord blood stem cell preservation services directly to expectant parents and by distributing information through obstetricians, pediatricians, childbirth educators, certified nurse-midwives and other related healthcare professionals. The Company believes that its revenues have been facilitated by a variety of referral sources, resulting from high levels of customer satisfaction. New expectant parent referrals during fiscal 2014 were provided by physicians, midwives and childbirth educators, and by client-to-client referrals and repeat clients storing the stem cells of their additional children.

The Company has a national sales force to increase its marketing activities with its clinical referral sources, including physicians, midwives and hospitals. Promotional activities also include advertisements in clinical journals and telemarketing activities. In addition, the Company exhibits at conferences, trade shows and other meetings attended by medical professionals. Significant portions of client referrals to the Company are from medical caregiver professionals.

To increase awareness among expectant parent audiences, the Company continues to promote its service through internet marketing and print advertising in national targeted prenatal magazines, as well as several magazines distributed during childbirth classes. Expectant parents have also received information via emails and internet marketing campaigns.

The Company s client support team advisors are available by telephone 24 hours, 7 days a week to enroll clients and educate both expectant parents and the medical community on the life-saving potential of cord blood stem cell preservation.

The Company continues to use its Web site, www.cryo-cell.com, to market its services and to provide resource information to expectant parents. The site, which is frequently updated and improved, is divided into areas of interest, including sections for expectant parents, medical caregivers and investors. Expectant parents may request and receive information about the umbilical cord blood and cord tissue service and enroll online. Viewers may read about successful transplants using Cryo-Cell stored cord blood stem cells and access other topical information.

Competition

Growth in the number of families banking their newborn s cord blood stem cells has been accompanied by an increasing landscape of competitors. The Company competes against approximately 25 other national private cord blood banks.

Some of these competitors may have access to greater financial resources. Nevertheless, the Company believes it is currently well positioned to compete in the industry. Importantly, the Company believes that some competitors charge more for comparable (or even inferior) quality service. In addition, the Company possesses an industry-recognized AABB accreditation, and believes that it was the first private cord blood bank to process in a cGMP- and

cGTP-compliant facility exceeding current FDA requirements. In November 2005, the Company was granted ISO 9001:2008 certification from BSI America s, Inc., a leading quality management systems registrar. ISO (International Organization for Standardization) standards are

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internationally recognized as an effective framework for a quality management system. During 2014, the Company was granted FACT (the Foundation for the Accreditation for Cellular Therapy) accreditation. These achievements position Cryo-Cell as an industry quality leader as a cGMP- and cGTP-compliant private cord blood bank with ISO certification, AABB and FACT accreditations.

The Company also operates in an environment where various public cord blood banks are encouraging parents to donate their newborn s cord blood rather than privately banking it. Although this option is generally no-cost to the parents, there is no assurance that the newborn s cells would be available to the family, if they were needed. The Company believes that the distinctive benefits of private cord blood banking clearly differentiate its services from that of public cord banks.

The Company believes that its longevity and experience; value-based pricing strategy; superior customer service supported by a 24/7 professional staff; premier technical and operational expertise; state-of-the-art facilities; innovative marketing programs and its expansive client base will continue to provide a competitive advantage.

Government Regulation

The Company is required to register with the FDA under the Public Health Service Act because of its ongoing cellular storage business and is subject to FDA inspection. This requirement applies to all establishments engaged in the recovery, processing, storage, labeling, packaging, or distribution of any Human Cells, Tissues, and Cellular and Tissue-Based Products (HCT/Ps) or the screening or testing of a cell or tissue donor. At November 30, 2014, the Company was in compliance with this requirement.

The division of FDA which regulates HCT/Ps is the Center for Biologics Evaluation and Research (CBER). The section of FDA Code of Federal Regulations (CFR) pertaining to cord blood is 21 CFR 1271. Since 2004, the FDA has formulated a Tissue Action Plan which consists of these three rules:

1. As of January 21, 2004, all cord blood banks are required to register with the FDA. Any cord blood bank which has a laboratory should be on the web page of FDA Registered Establishments.

2. The second rule was published May 20, 2004, and became effective May 25, 2005. It pertains to donor eligibility. This rule requires more screening of donors for communicable diseases.

3. The final rule establishes FDA standards of current Good Tissue Practice (GTP) for laboratories which process HCT/Ps. This rule was published November 19, 2004, became effective May 25, 2005, and is intended to prevent contamination or cross-contamination during the handling of HCT/Ps.

These three FDA rules apply only to cord blood processed on or after the effective date of May 25, 2005. The final rule allows the FDA to inspect cord blood laboratories to determine compliance with the provisions of 21 CFR Part 1271. In the summer of 2009, the FDA began conducting unannounced inspections of cord blood banks.

Currently, the states of California, Illinois, Maryland, New Jersey and New York require cord blood banks to be registered or licensed. The Company is currently registered or licensed to operate in these states. If the Company identifies other states with licensing requirements or if other states adopt such requirements, the Company would have to obtain licenses or registration to continue providing cord blood services in those states.

Federal and state laws govern the Company s ability to obtain and, in some cases, to use and disclose data that we may need to conduct certain activities. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires the Department of Health and Human Services to issue a series of regulations establishing standards for the electronic transmission of certain health information. The Company is not subject to HIPAA because the Company does not engage in certain electronic

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transactions related to the reimbursement of healthcare providers and because blood and tissue procurement and banking activities are exempt. However, the healthcare providers that collect umbilical cord blood for the Company s customers are subject to HIPAA. The identifiable information shared is only what is permitted by HIPAA. In 2009, a portion of the American Recovery and Reinvestment Act of 2009 modified HIPAA under the Health Information Technology for Economic and Clinical Health Act (HITECH Act). While the Company is still not subject to HIPAA for the reasons stated above the Company may incur material expenses associated with compliance efforts. In addition, compliance may require management to spend substantial time and effort on compliance measures. If the Company fails to comply with HIPAA, it could suffer criminal and civil penalties. The civil penalties could include monetary penalties ranging from $100 per violation to $1.5 million depending on the level of violation.

The Company is also subject to local, state and federal laws and regulations relating to safe working conditions, laboratory and manufacturing practices and the use and disposal of hazardous or potentially hazardous substances. These laws include the Occupational Safety and Health Act (OSHA), cGTPs, cGMPs, Environmental Protection Agency (EPA), and those of the local Department of Health.

OSHA requires all employers to assure safe and healthful working conditions for working men and women through development and implementation of work standards, education, and training. OSHA enforces the standards developed under the Act, applicable to all employers in the U.S. and its territories. cGTPs are laws, enforced by the FDA, that define and govern methods used in the manufacture of Human Cells, Tissues, and cellular and tissue-based Products (HCT/Ps). Current Good Manufacturing Practices (cGMPs) are laws, enforced by the FDA, that define and govern methods used in the manufacture of drugs and finished pharmaceuticals. Both of the latter federal practices, or laws, govern the Company s products.

The Environmental Protection Agency (EPA) governs the management and proper disposal of products and by-products or waste. These products must be disposed in a manner that does not adversely affect the environment from which it came or where disposed of. The Department of Health on the local level primarily regulates systems and associated equipment employed in recovery activities such as back-up generators; therefore, governing specific internal processes.

Evolving legislation and regulations governing private cord blood banking in various jurisdictions throughout the world may impact the Company s international licensees.

In addition, as the organization grows and evolves, other legislation and regulations are expected to impact the Company. One such evolution involves activities that may be designated as or involve medical research or cooperative agreements associated with medical research. These types of activities are also governed by the FDA, specifying oversight by an Institutional Review Board (IRB). The IRB is a board or committee that approves the initiation of, and conducts periodic review of, biomedical research involving human subjects. The primary purpose of such review is to assure the protection of the rights and welfare of the human subjects. Governance of biomedical research is codified as laws by Title 21 of the Code of Federal Regulations (CFR) Part 56, and enforced by the FDA. Other medical research associated with clinical trials may require an Investigational New Drug Application (IND). Current Federal law requires that a drug be the subject of an approved marketing application before it is transported or distributed across state lines. Because a sponsor will likely want to ship the investigational drug to clinical investigators in many states, it must seek an exemption from that legal requirement. The IND is the means through which the sponsor technically obtains this exemption from the FDA. This approval would be required in the case of a clinical trial.

Subsidiaries and Joint Ventures

Since its inception, Cryo-Cell has entered into a number of business activities through subsidiaries and joint ventures, including the following activities and those described under International below. Cryo-Cell had de-emphasized certain of these activities in prior periods in

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connection with the Board of Directors strategic decision to focus the Company s priorities and resources on its core business of marketing cord blood stem cell preservation services. In recent periods, however, the Company has evaluated and pursued, and intends to continue to evaluate and pursue, certain opportunities for global expansion, on a selective basis, in which operational synergies and economic potential align with Cryo-Cell s strategic direction.

Saneron CCEL Therapeutics, Inc. The Company owns an approximate 33% and 34% interest in Saneron CCEL Therapeutics, Inc. (Saneron) as of November 30, 2014 and 2013, respectively. Saneron is the owner and/or exclusive licensee of certain technology developed by and/or in collaboration with the University of South Florida (USF) and the University of Minnesota (UMN). The technology covers various patents, patent applications and trade secrets for the therapeutic use of umbilical cord blood stem cells (U-CORD-CELL®) and Sertoli cells (SERT-CELL).

To date, Saneron has received thirteen SBIR/STTR grants, has been the industry sponsor on twelve Florida High Tech Corridor grants, one James and Esther King Biomedical Research Grant, and has participated in several other corporate and non-profit R&D projects to continue their efforts towards the development of cellular therapies for neurological and cardiac disorders. In November 2005, Saneron received a grant from the Johnnie B. Byrd, Sr. Alzheimer s Center and Research Institute, Inc. for the study of the Saneron U-CORD-CELL® as a treatment for Alzheimer s. During 2005 and 2006, Saneron and GE Healthcare completed two phases of a joint research project intended to optimize GE Healthcare s Ficoll-Paque for isolating stem cells from umbilical cord blood. The preliminary results from that study were presented at the International Society for Cellular Therapy meeting in Berlin, Germany. Validation studies needed for the submission of a Drug Master File of Saneron s U-CORD-CELL® have been underway at Cryo-Cell International s GMP facility and the University of South Florida. Saneron is currently drafting Investigational New Drug (IND) applications for the use of the U-CORD-CELL® as a potential therapy for Alzheimer s, ALS and stroke. As Pre-IND meeting with the FDA was held in February 2014.

In March 2013, Saneron received a second Phase I STTR grant for a joint project with Henry Ford Health System on the use of the U-CORD-CELL® as a potential therapy for stroke. In June 2010, Saneron received a James and Esther King Biomedical Grant, which was matched with a Florida High Tech Corridor Industry Seed Grant, to study the potential of Cryo-Cell s menstrual stem cell technology as a possible treatment for stroke. Finally in September 2010, Saneron received a 2 ½ year Phase II STTR grant to further translate the research underway on the use of the U-CORD-CELL as a potential therapy for Alzheimer s. This $2.6 million Phase II STTR grant has also been matched with three Florida High Tech Corridor Industry Seed Grants. In 2014, Saneron contributed to four peer-reviewed scientific publications. Saneron was accepted into the 2014-2015 NIH SBIR/STTR Commercialization Assistance Program (CAP) and the USF Seed Capital Accelerator Programs.

In October 2013, the Company entered into a Convertible Promissory Note Purchase Agreement with Saneron. Cryo-Cell will loan Saneron in quarterly payments an aggregate amount up to $300,000, subject to certain conditions. The initial loan amount is $150,000 to be paid in four quarterly installments of $37,500 per quarter. If after the initial loan amount, Saneron has made best efforts, satisfactory to Cryo-Cell in its sole discretion, to have started independently or via serving as a sponsor of a clinical trial related to its U-CORD-CELL program, then Cryo-Cell agrees to lend Saneron an additional $150,000 through a series of four additional quarterly payments of $37,500. Upon receipt of each quarterly payment, Saneron will deliver a convertible promissory note (Note) that matures five years from the date of the Note. Upon maturity of any Note, Saneron will have the option to repay all or a portion of the loan in cash or convert the outstanding principal and accrued interest under the applicable Note(s) into shares of Saneron common stock. The Company has made the five payments of $37,500 as of November 30, 2014.

During the third quarter of fiscal 2014, the Company repurchased 93,800 of its common shares that were held by Saneron for $2.60 per share. During the third quarter of fiscal 2014 the Company was

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made aware that the remaining 56,300 common shares of Cryo-Cell common stock owned by Saneron were sold in prior periods. The Company should have increased the investment in Saneron and then the investment amount would have then been reduced each quarter for the Company s portion of the losses in Saneron. The correction was made during the third quarter of fiscal 2014 to reclass approximately $400,000 from treasury stock to accumulated deficit on the accompanying consolidated balance sheets.

Revenue Sharing Agreements (RSAs)

The Company entered into RSAs prior to 2002 with various third and related parties. The Company s RSAs provide that in exchange for a non-refundable up-front payment, the Company would share for the duration of the RSA a percentage of its future revenue derived from the annual storage fees charged related to a certain number of specimens that originated from specific geographical areas. The RSAs have no definitive term or termination provisions. The sharing applies to the storage fees collected for all specified specimens in the area covered by the RSA up to the number covered in the RSA. When the number of specimens is filled, any additional specimens stored in that area are not subject to the RSA. As there are empty spaces resulting from attrition, the Company agrees to fill them as soon as possible. The Company reflects these up-front payments as long-term liabilities on the accompanying consolidated financial statements. The Company does not intend to enter into additional RSAs.

In the future, the Company could reverse the liability relating to the RSAs up-front payments over an appropriate period of time, based on the Company s expectations of the total amount of payments it expects to pay to the other party under the particular RSA. However, the RSAs do not establish a finite term or time frame over which to estimate the total payments and the Company had not previously estimated and has concluded that it is not currently practicable to estimate the projected cash flows under the RSAs. At present, the Company intends to defer the reversal of the liability, until such time as these amounts can be determined. During the periods when the Company defers the reversal of the liability, the quarterly payments made during these periods are treated as interest expense, which is recognized as the payments become due. In future periods, if a portion of the liability can be de-recognized based on the effective interest method, the payments will be allocated between interest and amortization of the liability. As cash is paid out to the other party during any period, the liability would be de-recognized based on the portion of the total anticipated payouts made during the period, using the effective interest method. That is, a portion of the payment would be recorded as interest expense, and the remainder would be treated as repayment of principal, which would reduce the liability.

Florida. On February 9, 1999, the previous agreements with the Company s Arizona revenue sharing investors were modified and replaced by a RSA for the state of Florida for a price of $1,000,000. The RSA applies to net storage revenues originating from specimens from within the state of Florida less a deduction for billing and collection fees. The RSA entitles the investors to revenues of up to a maximum of 33,000 storage spaces. A former member of the Board of Directors of the Company is a 50% owner of this revenue sharing agreement. The RSA was entered into prior to the time he became a member of the Board from which he resigned during December 2004.

Illinois. In 1996, the Company signed agreements with a group of investors entitling them to an on-going 50% share of the Company s 75% share of the annual storage fees (net storage revenues) less a deduction for 50% of billing and collection expenses generated by specimens stored in the Illinois Masonic Medical Center for a price of $1,000,000. The agreements were modified in 1998 to broaden the covered specimens to those originating in Illinois and its contiguous states and stored in Oldsmar, Florida for a maximum of up to 33,000 storage spaces.

Texas. On May 31, 2001, the Company entered into an agreement with Red Rock Partners, an Arizona general partnership, entitling them to on-going shares in a portion of the Company s net storage revenue generated by specimens originating from within the State of Texas for a price of $750,000. The investors are entitled to a 37.5%

share of net storage revenues less a deduction for billing and collection fees for specimens originating in the State of Texas to a maximum of 33,000 storage spaces. The same former

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member of the Board of Directors is a 50% owner of Red Rock. The RSA was entered into prior to the time he became a member of the Board, from which he resigned during December 2004. During fiscal 2008, Red Rock assigned 50% of their interest in the agreement to SCC Investments, Inc., an Arizona corporation. Subsequent to November 30, 2009, SCC Investments, Inc. assigned its interest to SCF Holdings, LLC, an Arizona limited liability company.

The Company made total payments to all RSA holders of $1,926,980 and $1,047,850 for the fiscal years ended November 30, 2014 and 2013, respectively. The Company recorded an RSA accrual of $403,975 and $914,114 as of November 30, 2014 and 2013, respectively, related to interest owed to the RSA holders, which is included in accrued expenses in the Company s consolidated financial statements under Item 8 of this Annual Report on Form 10-K.

International

The Company has entered into licensing agreements with certain investors in various international markets in an attempt to capitalize on the Company s technology. The investors typically pay a licensing fee to receive Company marketing programs, technology and know-how in a selected area. The licensing agreement may also give the investor the right to sell sub-license agreements. As part of the accounting for the up-front license revenue, revenue from the up-front license fee is recognized based on such factors as when the payment is due, collectability and when all material services or conditions relating to the sale have been substantially performed based on the terms of the agreement.

The Company enters into two types of licensing agreements and in both types, the Company earns revenue on the initial license fees. Under the technology agreements, the Company earns processing and storage royalties from the affiliates that process in their own facility. Under the marketing agreements, the Company earns processing and storage revenues from affiliates that store specimens in the Company s facility in Oldsmar, Florida.

Technology Agreements

The Company has entered into definitive License and Royalty Agreements with Asia Cryo-Cell Private Limited and S-Evans Bio-Sciences, Inc. to establish and market its menstrual stem cell program in India and China, respectively.

The Company has entered into definitive License and Royalty Agreements with Cryo-Cell de Mexico (Mexico) and Lifecell (India) to establish and market its umbilical cord blood program in Mexico and India, respectively.

On August 19, 2011, the Company received notification from Mexico that it was terminating the license agreement effective immediately due to an alleged breach of the license agreement. On October 17, 2011, the Company and Mexico entered into an amendment to the license agreement whereby the termination was revoked and Mexico would pay the Company $1,863,000 in 37 monthly installments of $50,000 beginning on October 17, 2011 with a final payment of $13,000. Mexico would have no other continuing obligations to the Company for royalties or other license payments and the agreement would be effectively terminated once the entire $1,863,000 was received. The amendment will result in a reduction of licensee income in future periods. In December 2013, subsequent to the completion of Company s audited balance sheet as of November 30, 2013, Mexico paid the balance due of $563,000 in full. The Company recognized the balance paid as licensee and interest income during the fiscal year ended November 30, 2014 in the accompanying consolidated statement of operations. Mexico has no other continuing obligations to the Company for royalties or other license payments and the agreement is terminated.

As of November 30, 2014 and November 30, 2013, the Company recorded a receivable of $0 and $550,782, respectively, and deferred revenue of $0 and $551,585, respectively, in the accompanying

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consolidated balance sheets. Accounts receivable is calculated using the present value of all of the monthly installments using a discount rate that reflects both the risk-free rate at the inception of the contract and the contract period. In accordance with the agreement, the Company received twelve installments of $50,000 during fiscal 2013 which is reflected in the consolidated statement of operations as of November 30, 2013 as licensee and interest income.

Marketing Agreements

The Company has definitive license agreements to market both the Company s umbilical cord blood and menstrual stem cell programs in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Pakistan. In October 2012, the Company sent notice of termination to the Company s Venezuelan affiliate for failure to meet its payment obligation in accordance with the contract. Subsequent to the notice of termination, payment was received for outstanding processing and storage fees due from Venezuela. The Company is in the process of discussing a new agreement. The Company continues to accept umbilical cord blood stem cell specimens to be processed and stored during the negotiations. In December 2012, the Company sent notice of termination to the Company s affiliate in Ecuador for failure to meet its payment obligation in accordance with the contract. Subsequent to the notice of termination, payment was received for outstanding processing and storage fees due from Ecuador. In August 2013, the Company was notified that its affiliate in Ecuador was closed by the National Institute of Organic Donation (INDOT). As a result, the Company recorded an allowance for uncollectible receivables for the $150,000 processing and storage fee receivable due from Ecuador in the third quarter of fiscal 2013. During the fourth quarter of fiscal 2013, the Company began to bill the Ecuadorian clients directly for cord blood specimens that are stored at the Company s facility in Oldsmar, Florida. In the future, if the Company loses revenue due to lack of payment from the foreign affiliates or the foreign affiliates are closed, the Company s overall revenue will decrease.

Processing and storage revenues from specimens originating in foreign territories that store at the Company s facility in Oldsmar, Florida totaled approximately $1,874,000 and $1,444,000 for fiscal years 2014 and 2013 and are reflected in processing and storage fees in the accompanying consolidated statements of operations.

The following table details the initial license fees for the technology and marketing agreements and processing and storage royalties earned for the technology agreements for fiscal years 2014 and 2013. The initial license fees and processing and storage royalties are reflected in licensee income in the accompanying consolidated statements of operations.

	For the fiscal years ended November 30,					
	2014			2013		
	License Fee	Process and Storage Royalties	Total	License Fee	Process and Storage Royalties	Total
India	$	$ 677,647	$ 677,647	$	$ 677,647	$ 677,647
Mexico		793,839	793,839		619,332	619,332
Total	$	$ 1,471,486	$ 1,471,486	$	$ 1,296,979	$ 1,296,979

Employees

At November 30, 2014, there are 66 full-time employees and 5 part-time employees on the staff of the Company. Additional employees and staff will be hired on an as needed basis. The Company believes its relationship with its employees is good. None of our employees are members of any labor union, and we are not a party to any collective bargaining agreement.

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ITEM 1A. RISK FACTORS.
Not applicable.

ITEM 1B. UNRESOLVED STAFF COMMENTS.
None.

ITEM 2. PROPERTIES.
The Company entered into a ten-year lease in April 2004 for its 17,600 square foot cGMP/cGTP compliant corporate headquarters in Oldsmar, Florida for rent of approximately $141,000 per year for each of the first two years and escalating thereafter. The lease effectively commenced during October 2004, and the Company moved into this facility in November 2004. This facility contains the Company s executive offices, its conference and training center, its laboratory processing and cryogenic storage facility and its scientific offices.

On June 7, 2006, the Company entered into a lease amendment, which amended the Company s lease for its principal offices in Oldsmar, Florida. The original lease covered approximately 17,600 square feet of space. Under the amendment, the Company leased an additional 9,600 square feet of space at the same location, beginning on August 1, 2006 and ending with the termination of the lease in 2013. The Company s rent for the additional space was $11,032 per month through July 31, 2009, with annual increases thereafter through the entire lease term to a maximum of $13,176 per month for the additional space.

In June 2013, the Company signed an amendment to terminate the building lease on the additional 9,600 square feet that was entered into during June 2006. The termination fee was $150,000 and is reflected, net of rent paid for May and June 2013, in selling, general, and administrative expenses. The lease amendment will result in rent savings of approximately $280,000 over the 18 months following the termination for a net savings of approximately $130,000. The Company also extended the main lease through December 31, 2015 for the 17,600 square foot space.

Rent charged to operations was $256,546 and $419,864 for the fiscal years ended November 30, 2014 and 2013, respectively, and is included in cost of sales and selling, general and administrative expenses in the consolidated statements of operations.

The future minimum rental payments under the operating lease are as follows:

Fiscal Year Ending November 30,	Rent
2015	$ 211,170
2016 (1)	$ 17,640

(1) The Company s lease is due to expire on December 31, 2015. Therefore, the 2016 data reflects rental payments through this date.

The Company entered into a one-year lease in November 2013 for an additional 800 square feet of office space in Miami, Florida for annual rent of approximately $27,120. The lease commenced during December 2013. In December 2014, the Company extended the lease through December 31, 2015.

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ITEM 3. LEGAL PROCEEDINGS.

On February 25, 2011, a Complaint and Demand for Jury Trial was filed against the Company in the United States District Court, Middle District of Florida, Tampa Division, styled: Charles D. Nyberg; Mary J. Nyberg; and Red Rock Partners, an Arizona general partnership vs. Cryo-Cell International, Inc., Case No. 8:11-CV-399-T-30AEP. The Complaint was amended on May 25, 2011 and served on the Company on May 26, 2011. The Complaint alleged that the Company had underpaid amounts owed to plaintiffs Florida and Texas Revenue Sharing Agreements with the Company. The Complaint did not specify the amount claimed, other than stating that it was more than $75,000 which is the jurisdictional amount of the court the complaint was filed in.

On November 15, 2013, the parties came to a final settlement on this action. The terms of the settlement are confidential. Upon completion of the settlement, the claims in the lawsuit were dismissed with prejudice. In December 2013, the Company paid $525,000 in full settlement. The Company recorded an accrual of $525,000 which is reflected in accrued expenses on the accompanying consolidated financial statements as of November 30, 2013.

On November 13, 2013, Plaintiff Ki Yong Choi filed a Verified Shareholder Derivative Complaint in the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida. The Complaint names as defendants all of the members of the Company s current Board of Directors, as well as former director Anthony Atala. The complaint also names the Company as a nominal defendant only. The complaint alleges that, since the election of the Company s Board of Directors in August 2011, the Company s Co-CEOs have pursued their own enrichment and entrenchment at the expense of the Company and its shareholders. The complaint asserts claims against the Board of Directors for breach of fiduciary duty, abuse of control, corporate waste, and unjust enrichment and seeks, among other things, rescission of certain transactions between the Company and the Co-CEOs and damages from the Board of Directors. On February 14, 2014, all of the defendants filed motions to dismiss the complaint. The Company filed a motion to dismiss based on the plaintiff s failure to make a pre-suit demand on the Board of Directors or to establish that demand should be excused, as required by Delaware law. A hearing took place on July 9, 2014, and on July 28, 2014, the Court dismissed the case.

On August 30, 2011, the Board of Directors of the Company terminated its Chief Executive Officer and former Chairman of the Board of Directors, Ms. Walton. In accordance with Ms. Walton s employment agreement dated August 15, 2005, as amended July 16, 2007, Ms. Walton could be entitled to severance in the amount up to $950,000 related to lost salary, bonuses and benefits. In addition, the Company could be required to pay all reasonable legal fees and expenses incurred by Ms. Walton as a result of the termination, as well as outplacement services. On October 25, 2011, Mercedes Walton, the Company s former chief executive officer, filed a demand for arbitration with the American Arbitration Association. Ms. Walton claimed breach of her employment agreement and defamation. Ms. Walton was seeking arbitration costs, attorneys fees, interest, compensatory, punitive and liquidated damages, as well as injunctive and declaratory relief in the amount of $5,000,000 of which potentially $1,000,000 would be covered by the Company s insurance policy. On June 14, 2013, the Company received a decision from the American Arbitration Association in the case filed by Ms. Walton, granting an Interim Award of Arbitrators to Ms. Walton in the amount of $1,080,938. This award includes $980,938 related to lost salary, bonuses and benefits and $100,000 related to the defamation claim made by Ms. Walton of which the defamation award was paid by the Company s insurance policy. In addition the Company was required to pay all reasonable legal fees and expenses incurred by Ms. Walton and expenses associated with any outplacement services. During July 2013, Ms. Walton was paid an initial payment of $1,066,174 related to lost salary, bonuses, benefits and expenses which was paid from the Company s restricted cash. During September and October 2013, legal fees and expenses were reimbursed to all parties. The Company has recorded an accrual of $0 and $50,000 associated with the claim and legal fees which is reflected as an accrued expense in the accompanying balance sheets as of November 30, 2014 and November 30, 2013, respectively.

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On October 11, 2013, a Complaint was filed by the Company in the Circuit Court of Hillsborough County, Florida, styled: Cryo-Cell International, Inc. v. Dilworth Paxson LLP et al, Case No. 13-CA-D09980. The Complaint alleged that Dilworth Paxson LLP and a partner for the firm were negligent and breached the duty of reasonable care owed to the Company. The Complaint alleges the defendants negligence led to the cancellation of the license agreement with Cryo-Cell de Mexico. The Company lost profits and income that would have been earned under the original agreement and was forced to renegotiate the terms of the agreement with terms far less lucrative to the Company. The defendants removed the case to the United States District Court for the Middle District of Florida as permitted because the parties are citizens of different states and the amount in controversy exceeds the jurisdictional minimum of $75,000. The case now bears a case number of 8:13-Civ-2639-T-33AEP. On June 2, 2014, a confidential settlement was executed by both parties.

In addition, from time to time the Company is subject to proceedings, lawsuits, contract disputes and other claims in the normal course of its business. The Company believes that the ultimate resolution of current matters should not have a material adverse effect on the Company s business, consolidated financial position or results of operations. It is possible, however, that there could be an unfavorable ultimate outcome for or resolution which could be material to the Company s results of operations for a particular quarterly reporting period. Litigation is inherently uncertain and there can be no assurance that the Company will prevail. The Company does not include an estimate of legal fees and other related defense costs in its estimate of loss contingencies.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company s common stock is quoted on the Over-The-Counter Bulletin Board under the symbol CCEL . The following table shows, for the fiscal quarters indicated, the high and low closing bid quotations for the Company s common stock as reported by Yahoo Finance. The quotations represent inter-dealer prices without retail mark-up, markdown or commission and may not represent actual transactions.

Quarter Ended	Low Closing Bid	High Closing Bid
February 28, 2014	1.80	2.30
May 31, 2014	2.06	2.80
August 31, 2014	2.40	2.95
November 30, 2014	2.51	3.31
February 28, 2013	2.00	2.60
May 31, 2013	1.85	2.25
August 31, 2013	1.80	2.24
November 30, 2013	1.85	2.30

The Company has not declared any cash dividends on its common stock and has no plans to do so in the immediate future.

As of November 30, 2014, the Company had 260 shareholders of record, and management believes there are approximately 1,500 additional beneficial holders of the Company s common stock.

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The following table sets forth as of November 30, 2014, the Company s equity compensation plans approved by shareholders. At such date the Company had no equity compensation plans that had not been approved by shareholders.

Equity Compensation plans approved by stockholders	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Cryo-Cell International 2000 Stock Incentive Plan	2,500	$ 0.68	(1)
Cryo-Cell International, Inc. 2006 Stock Incentive Plan	594,766	$ 2.43	260,343
Cryo-Cell International, Inc. 2012 Stock Incentive Plan	645,969	$ 1.65	1,854,031
Total	1,243,235	$ 2.02	2,114,374

(1) No further stock options or other awards will be granted under the 2000 Stock Incentive Plan.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of the financial condition and results of operations of the Company for the two years ended November 30, 2014, should be read in conjunction with the consolidated financial statements and related notes as well as other information contained in this Annual Report on Form 10-K. This section of the Form 10-K contains forward-looking statements that involve substantial risks and uncertainties, such as statements about our plans, objectives, expectations and intentions. We use words such as expect , anticipate , plan , believe , seek , esti intend , future and similar expressions to identify forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-K.

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Overview

The Company is engaged in cellular processing and cryogenic storage, with a current focus on the collection and preservation of umbilical cord blood stem cells for family use. The Company s principal sources of revenues are service fees for cord blood processing and preservation for new customers and recurring annual storage fees. Effective February 1, 2012, the Company charges fees of $2,074 to new clients for the collection kit, processing and testing and return medical courier service, with discounts in the case of multiple children from the same family and in other circumstances. The Company currently charges an annual storage fee of $125 for new clients; storage fees for existing customers depend on the contracts with such customers. The Company also offers a one-time payment plan for 21 years of storage and a life-time payment plan, pursuant to which the client is charged $3,949 and $6,000, respectively, less discounts in the case of multiple children from the same family and in other circumstances. The one-time plan includes the collection kit, processing and testing, return medical courier service and 21 years of pre-paid storage fees. The life-time plan includes the collection kit, processing and testing, return medical courier service and pre-paid storage fees for the life of the client. The Company also receives other income from licensing fees and royalties from global affiliates.

In August 2011, there was a change in control of the board of directors. Upon gaining control of the Company, new management conducted a thorough review of the Company s operations and determined that the best use of corporate resources was to refocus on the Company s umbilical cord blood and cord tissue business while continuing to evaluate the menstrual stem cell technology. During fiscal 2013, the Company decided to cease offering a commercial menstrual stem cell service for the time being due to a lack of market acceptance.

During the year ended November 30, 2014, the Company s total revenue increased 6% as compared to fiscal 2013. The Company reported net income of approximately $554,000, or $0.05 per basic common share for fiscal 2014 compared to net income of approximately $27,000 or $0.00 per basic common share for fiscal 2013. The net income for the year ended November 30, 2014 principally resulted from a 6% increase in revenues, partially offset by a 8% increase in selling, general and administrative expenses and a 6% increase in cost of sales. The net income for the year ended November 30, 2013 principally resulted from a 6% increase in revenues and a 21% decrease in selling, general and administrative expenses, partially offset by a 9% increase in cost of sales and a 54% increase in interest expense.

As of November 30, 2014, the Company had cash and cash equivalents of $3,279,267. The Company s cash decreased by approximately $646,000 during fiscal 2014, primarily as a result of approximately $2,671,000 used for the stock repurchase plan pursuant to which the Company repurchased 1,088,296 shares of the Company s common stock during the twelve months ended November 30, 2014, offset by approximately $1,555,000 by cash provided by operations and approximately $764,000 transferred from the trust (See Note 17 to the consolidated financial statements). As of November 30, 2014, the Company had no long-term indebtedness.

Consistent with its fiduciary duties, the board of directors and management has reviewed and will continue to review strategic options and opportunities for the Company, in order to maximize shareholder value. These options may include strategic mergers or acquisitions, a deregistration of the Company s common stock under the Securities Exchange Act of 1934 or a going-private transaction. However, no such transactions or actions are contemplated at this time.

Results of Operations

Revenue. For the fiscal year ended November 30, 2014, the Company had revenue of $20,126,546 compared to $18,994,614 for the fiscal year ended November 30, 2013. The increase in revenue was primarily attributable to a 5% increase in processing and storage fees.

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Processing and Storage Fees. For the fiscal year ended November 30, 2014, processing and storage fees were $18,655,060 compared to $17,697,635 for the fiscal year ended November 30, 2013. The increase in processing and storage fee revenue is primarily attributable to a 6% increase in recurring annual storage fee revenue. The Company had a 13% decrease in the number of new cord blood specimens processed year-over-year, however, the average selling price per newly enrolled client was higher as a due to offering fewer discounts which resulted in higher net revenues per specimen. The decrease in new cord blood specimens is primarily attributable to the decrease in the number of new specimens from the Company s international affiliates, mainly Ecuador. In August 2013, the Company was notified that its affiliate in Ecuador was closed by the National Institute of Organic Donation (INDOT). Also, the decrease in the number of new specimens is offset by the increase in the Company s new cord tissue service.

Licensee Income. For the fiscal year ended November 30, 2014, licensee income was $1,471,486 as compared to $1,296,979 for fiscal 2013. Licensee income for the fiscal year ended November 30, 2014 consists of $794,000 related to Mexico which is a result of Mexico paying off the remaining balance due under the amendment during the first quarter of fiscal 2014, which will not recur in future periods. The remaining licensee income consists of $677,486 in royalty income earned on the processing and storage of cord blood stem cell specimens in India per the license agreement. Licensee income for the fiscal year ended November 30, 2013 consisted of $1,296,979 in royalty income earned on the processing and storage of cord blood stem cell specimens in Mexico and India where the Company has license agreements.

***Cost of Sales*.** For the fiscal year ended November 30, 2014, cost of sales was $5,632,041, as compared to $5,322,271 for the fiscal year ended November 30, 2013, representing a 6% increase. Cost of sales was 28% and 28% of revenues in fiscal 2014 and 2013, respectively. Cost of sales includes wages and supplies associated with process enhancements to the existing production procedures and quality systems in the processing of cord blood specimens at the Company s facility in Oldsmar, Florida and depreciation expense of $205,673 for the year ended November 30, 2014 compared to $206,368 for the 2013 period.

Selling, General and Administrative Expenses. Selling, general and administrative expenses during the fiscal year ended November 30, 2014 were $12,251,921 as compared to $11,366,417 for the fiscal year ended November 30, 2013 representing a 8% increase. These expenses are primarily comprised of expenses for consumer advertising, salaries and wages for personnel and professional fees. Included in selling, general and administrative expenses is approximately $352,000 in legal fees incurred during fiscal 2014 related to a shareholder derivative complaint filed in November 2013, which was excluded from the Company s directors and officer s insurance policy. Included in selling, general and administrative expenses for the twelve months ended November 30, 2013 is approximately $150,000, less May and June 2013 rent payments, due to a lease amendment during fiscal 2013. The Company signed an amendment to terminate the building lease on the additional 9,600 square feet that was entered into during June 2006. Also, as a result of the Company s affiliate in Ecuador being closed during the third quarter of fiscal 2013, the Company recorded an allowance for uncollectible receivables for the $150,000 processing and storage fee receivable due from Ecuador as of November 30, 2013.

Research, Development and Related Engineering Expenses. Research, development and related engineering expenses for the fiscal year ended November 30, 2014, were $64,367 as compared to $36,168 in 2013. The expenses for the years ended November 30, 2014 and 2013 are primarily comprised of expenses related to the Company s cord tissue service.

Abandonment of Patents. During fiscal 2014 and 2013, management decided to discontinue pursuing certain patents and trademarks resulting in a write-off of approximately $26,000 and $379,000, respectively, for abandoned patents and trademarks related to the Company s menstrual stem cell technology which is reflected as abandonment of patents in the accompanying consolidated statement of operations for the years ended November 30, 2014 and November 30,

2013. We believe that the impact to future operations is immaterial and it will not impact the Company s core operations.

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Depreciation and Amortization. Depreciation and amortization (not included in Cost of Sales) for the year ended November 30, 2014 was $171,334 compared to $188,133 for fiscal 2013.

Interest Expense. Interest expense during the fiscal year ended November 30, 2014, was $1,151,459 compared to $1,400,572 in fiscal 2013. The decrease in interest expense from 2014 to 2013 is primarily the result of the settlement of the RSA litigation accrued in fiscal 2013. Interest expense is mainly comprised of amounts due to the parties to the Company s RSAs based on the Company s storage revenue.

Equity in Losses of Affiliate. Equity in losses of affiliate was $362,884 for the fiscal year ended November 30, 2014 compared to $154,051 in 2013. Equity in losses of affiliate for fiscal 2014 consists of $187,500 related to write-off of additional investments made by the Company into Saneron, $93,904 related to compensation expense for stock option awards that were granted by Saneron to certain consultants and employees and $81,480 related to the Company s share of Saneron s losses. Equity in losses of affiliate for the years ended November 30, 2013 solely consists of amounts related to compensation expense for stock and warrant awards that were granted by Saneron at below fair market value to certain employees, consultants and members of Saneron management who represent owners of Saneron and serve on its board of directors.

Income Taxes. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The ultimate realization of our deferred tax assets depends upon generating sufficient future taxable income prior to the expiration of the tax attributes. In assessing the need for a valuation allowance, we must project future levels of taxable income. This assessment requires significant judgment. We examine the evidence related to the recent history of tax losses, the economic conditions in which we operate and our forecasts and projections to make that determination.

The Company records foreign income taxes withheld from installment payments of non-refundable up-front license fees and royalty income earned on the processing and storage of cord blood stem cell specimens in certain geographic areas where the Company has license agreements. The Company recorded approximately $124,000 and $170,000 for the years ended November 30, 2014 and 2013, respectively, of foreign income tax expense, which is included in income tax expense in the accompanying consolidated statements of operations.

There was no U.S. income tax expense for fiscal years ended November 30, 2014 and November 30, 2013 due to the utilization of net operating losses and foreign tax credit carryforwards, which were previously reserved through valuation allowances in the Company s financial statements.

The effective tax rate of 15.1% and 85.8% for the fiscal years ended November 30, 2014 and 2013, respectively, differs from the statutory rate, due to permanent differences and the change in the valuation allowance.

Liquidity and Capital Resources

Through November 30, 2014, the Company s principal source of cash has been from sales of its umbilical cord blood program to customers and royalties from licensees. The Company does not expect a change in its principal source of cash flow.

At November 30, 2014, the Company had cash and cash equivalents of $3,279,267 as compared to $3,925,156 at November 30, 2013. The decrease in cash and cash equivalents in during fiscal 2014 was primarily attributable to the following:

Net cash provided by operating activities in fiscal 2014 was $1,554,821, which was primarily attributable to changes in net income, working capital and in restricted funds held in the escrow account.

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Net cash provided by operating activities in fiscal 2013 was $821,980, which was primarily attributable to changes in net income, working capital and in restricted funds held in the escrow account.

Net cash provided by investing activities in fiscal 2014 was $391,208 which was primarily attributable to the transfer of $739,968 from the trust which was offset by $185,281 of purchases of property and equipment and marketable securities and the investment of $187,500 into Saneron (see above).

Net cash provided by investing activities in fiscal 2013 was $1,149,462 which was primarily attributable to the decrease of restricted cash held in escrow which was partially offset by the purchase of property and equipment and the investment in patents and trademarks.

Net cash used in financing activities in fiscal 2014 was $2,591,918, which was primarily attributable to the stock repurchase plan pursuant to which the Company has repurchased 1,088,296 shares of the Company s common stock for approximately $2,671,000.

Net cash used in financing activities in fiscal 2013 was $723,668, which was primarily attributable to the stock repurchase plan pursuant to which the Company has repurchased 334,441 shares of the Company s common stock for approximately $739,000.

The Company does not have a line of credit.

The Company anticipates making discretionary capital expenditures of approximately $500,000 over the next twelve months for software enhancements and purchases of property and equipment. The Company anticipates funding future property and equipment purchases with cash-on-hand and cash flows from future operations.

The Company anticipates that its cash and cash equivalents, marketable securities and cash flows from future operations will be sufficient to fund its known cash needs for at least the next 12 months. Cash flows from operations will depend primarily upon increasing revenues from sales of its umbilical cord blood and cord tissue cellular storage services, and managing discretionary expenses. If expected increases in revenues are not realized, or if expenses are higher than anticipated, the Company may be required to reduce or defer cash expenditures or otherwise manage its cash resources during the next 12 months so that they are sufficient to meet the Company s cash needs for that period. In addition, the Company may consider seeking equity or debt financing if deemed appropriate for its plan of operations, and if such financing can be obtained on acceptable terms. There is no assurance that any reductions in expenditures, if necessary, will not have an adverse effect on the Company s business operations, including sales activities and the development of new services and technology.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. The SEC has defined a company s critical accounting policies as the ones that are most important to the portrayal of the company s financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The Company believes that its estimates and assumptions are reasonable under the circumstances; however, actual results may vary from these estimates and assumptions. We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of the consolidated financial statements. For further discussion of the Company s significant and

critical accounting policies, refer to Note 1 Description of Business and Summary of Critical and Significant Accounting Policies to the Consolidated Financial Statements contained in Item 8 of this document.

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Revenue Recognition

Revenue Recognition for Arrangements with Multiple Deliverables

For multi-element arrangements, the Company allocates revenue to all deliverables based on their relative selling prices. In such circumstances, accounting principles establish a hierarchy to determine the selling price to be used for allocating revenue to deliverables as follows: (i) vendor-specific objective evidence of fair value (VSOE), (ii) third-party evidence of selling price (TPE), and (iii) best estimate of the selling price (ESP). VSOE generally exists only when the Company sells the deliverable separately and it is the price actually charged by the Company for that deliverable.

The Company has identified two deliverables generally contained in the arrangements involving the sale of its umbilical cord blood product. The first deliverable is the processing of a specimen. The second deliverable is either the annual storage of a specimen, the 21-year storage fee charged for a specimen or the life-time storage fee charged for a specimen. The Company has allocated revenue between these deliverables using the relative selling price method. The Company has VSOE for its annual storage fees as the Company renews storage fees annually with its customers on a stand-alone basis. Because the Company has neither VSOE nor TPE for the processing, 21-year storage and life-time storage deliverables, the allocation of revenue has been based on the Company s ESPs. Amounts allocated to processing a specimen are recognized at the time the processing of the specimen is complete. Amounts allocated to the storage of a specimen are recognized ratably over the contractual storage period. Any discounts given to the customer are recognized by applying the relative selling price method whereby after the Company determines the selling price to be allocated to each deliverable (processing and storage), the sum of the prices of the deliverables is then compared to the arrangement consideration, and any difference is applied to the separate deliverables ratably.

The Company s process for determining its ESP for deliverables without VSOE or TPE considers multiple factors that may vary depending upon the unique facts and circumstances related to each deliverable. Key factors considered by the Company in developing the ESPs for its processing, 21 year storage and life-time storage fee include the Company s historical pricing practices as well as expected profit margins.

The Company records revenue from processing and storage of specimens and pursuant to agreements with licensees. The Company recognizes revenue from processing fees upon completion of processing and recognizes storage fees ratably over the contractual storage period, as well as, other income from royalties paid by licensees related to long-term storage contracts which the Company has under license agreements. Contracted storage periods are annual, twenty-one years and lifetime. Deferred revenue on the accompanying consolidated balance sheets includes the portion of the annual storage fee, the twenty-one year storage fee and the life-time storage fee that is being recognized over the contractual storage period as well as royalties received from foreign licensees related to long-term storage contracts in which the Company has future obligations under the license agreement. The Company classifies deferred revenue as current if the Company expects to recognize the related revenue over the next 12 months. The Company also records revenue within processing and storage fees from shipping and handling billed to customers when earned. Shipping and handling costs that the Company incurs are expensed and included in cost of sales.

Income Taxes

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using

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enacted tax rates expected to be recovered or settled. The Company has recorded a valuation allowance of $10,517,000 and $10,852,000 as of November 30, 2014 and November 30, 2013, respectively, as the Company does not believe it is more likely than not that all future income tax benefits will be realized. When the Company changes its determination as to the amount of deferred income tax assets that can be realized, the valuation allowance is adjusted with a corresponding impact to income tax expense in the period in which such determination is made. The ultimate realization of the Company s deferred income tax assets depends upon generating sufficient taxable income prior to the expiration of the tax attributes. In assessing the need for a valuation allowance, the Company projects future levels of taxable income. This assessment requires significant judgment. The Company examines the evidence related to the recent history of losses, the economic conditions in which the Company operates and forecasts and projections to make that determination.

The Company did not record U.S. income tax expense during the twelve months ended November 30, 2014 due to the utilization of net operating losses and foreign tax credit carryforwards, which were not previously recognized as benefits in the Company s financial statements.

The Company records foreign income taxes withheld by third parties from installment payments of non-refundable up-front license fees and royalty income earned on the processing and storage of cord blood stem cell specimens in geographic areas where the Company has license agreements. The Company recognized approximately $124,000 and $170,000 for the years ended November 30, 2014 and 2013, respectively, of foreign income tax expense. Foreign income tax expense is included in income tax expense in the accompanying consolidated statements of operations.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Increases or decreases to the unrecognized tax benefits could result from management s belief that a position can or cannot be sustained upon examination based on subsequent information or potential lapse of the applicable statute of limitation for certain tax positions.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. For the years ended November 30, 2014 and November 30, 2013, the Company had no provisions for interest or penalties related to uncertain tax positions.

In September 2013, the Internal Revenue Service issued final regulations governing the income tax treatment of the acquisition, disposition and repair of tangible property. The regulations were effective for taxable years beginning on or after January 1, 2014. The Company does not expect these new regulations to have a material impact on the financial statements.

Long-Lived Assets

The Company evaluates the realizability of its long-lived assets, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment, such as reductions in demand or when significant economic slowdowns are present. Reviews are performed to determine whether the carrying value of an asset is impaired, based on comparisons to undiscounted expected future cash flows. If this comparison indicates that there is impairment and carrying value is in excess of fair value, the impaired asset is written down to fair value, which is typically calculated using: (i) quoted market prices or (ii) discounted expected future cash flows utilizing a discount rate.

Due to tests performed during the second quarter of fiscal 2014 and 2013, management decided to discontinue pursuing certain patents and trademarks related to the Company s menstrual stem cell technology resulting in a write-off of approximately $26,000 and $379,000, respectively, for abandoned patents and trademarks which is reflected as abandonment of patents in the accompanying consolidated

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statements of operations for the twelve months ended November 30, 2014 and November 30, 2013, respectively. We expect that the impact to future operations will be insignificant and will not impact the Company s core operations.

Leases

In June 2013, the Company signed an amendment to terminate the building lease on the additional 9,600 square feet that was entered into during June 2006. The termination fee was $150,000 and is reflected, net of rent paid for May and June 2013, in selling, general and administrative expenses for the twelve months ended November 30, 2013.

Stock Compensation

As of November 30, 2014, the Company has three stock-based employee compensation plans, which are described in Note 7 to the consolidated financial statements. The Company s third stock-based employee compensation plan became effective December 1, 2011 as approved by the Board of Directors and approved by the stockholders at the 2012 Annual Meeting. The Company recognized approximately $404,000 and $272,000 for the years ended November 30, 2014 and November 30, 2013, respectively, of stock compensation expense.

The Company recognizes stock-based compensation based on the fair value of the related awards. Under the fair value recognition guidance of stock-based compensation accounting rules, stock-based compensation expense is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period of the award. The fair value of service-based vesting condition and performance-based vesting condition stock option awards is determined using the Black-Scholes valuation model. For stock option awards with only service-based vesting conditions and graded vesting features, the Company recognizes stock compensation expense based on the graded-vesting method. The Company recognizes compensation cost for awards with market-based vesting conditions on a graded-vesting basis over the derived service period calculated by the binomial valuation model. The use of these valuation models involve assumptions that are judgmental and highly sensitive in the determination of compensation expense and include the expected life of the option, stock price volatility, risk-free interest rate, dividend yield, exercise price, and forfeiture rate. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period.

The estimation of stock awards that will ultimately vest requires judgment and to the extent that actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment in the period they become known. The Company considered many factors when estimating forfeitures, including the recipient groups and historical experience. Actual results and future changes in estimates may differ substantially from current estimates.

Performance-based equity awards vest upon the achievement of certain financial performance goals, including revenue and income targets. Determining the appropriate amount to expense based on the anticipated achievement of the stated goals requires judgment, including forecasting future financial results. The estimate of the timing of the expense recognition is revised periodically based on the probability of achieving the required performance targets and adjustments are made as appropriate. The cumulative impact of any revision is reflected in the period of the change. If the financial performance goals are not met, the award does not vest, so no compensation cost is recognized and any previously recognized stock-based compensation expense is reversed.

Equity awards with market-based vesting conditions vest upon the achievement of certain stock price targets. If the awards are forfeited prior to the completion of the derived service period, any recognized compensation is reversed. If the awards are forfeited after the completion of the derived service period, the compensation cost is not reversed, even if the awards never vest.

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License and Royalty Agreements

The Company has entered into licensing agreements with certain investors in various international markets in an attempt to capitalize on the Company s technology. The investors typically pay a licensing fee to receive Company marketing programs, technology and know-how in a selected area. The investor may be given a right to sell sub-license agreements as well. As part of the accounting for the up-front license revenue, revenue from the up-front license fee is recognized based on such factors as when the payment is due, collectability and when all material services or conditions relating to the sale have been substantially performed based on the terms of the agreement. The Company has twelve active licensing agreements. The following areas each have one license agreement: El Salvador, Guatemala, Panama, Honduras, China, and Pakistan. The following areas each have two license agreements: India, Nicaragua and Costa Rica. In October 2012, the Company sent a notice of termination to the Company s Venezuelan affiliate for failure to meet its payment obligation in accordance with the contract. Subsequent to the notice of termination, payment was received for outstanding processing and storage fees due from Venezuela. The Company is in the process of discussing a new agreement with Venezuela. In December 2012, the Company sent notice of termination to the Company s affiliate in Ecuador for failure to meet its payment obligation in accordance with the contract. Subsequent to the notice of termination, payment was received for outstanding processing and storage fees due from Ecuador. In August 2013, the Company was notified that its affiliate in Ecuador was closed by the National Institute of Organic Donation (INDOT). As a result, the Company recorded an allowance for uncollectible receivables for the $150,000 processing and storage fee receivable due from Ecuador in the third quarter of fiscal 2013. During the fourth quarter of fiscal 2013, the Company began to bill the Ecuadorian clients directly for cord blood specimens that are stored at the Company s facility in Oldsmar, Florida. In the future, if the Company loses revenue due to lack of payment from the foreign affiliates or the foreign affiliates are closed, the Company s overall revenue will decrease.

In addition to the license fee, the Company earns a royalty on processing and storage fees on subsequent processing and storage revenues received by the licensee in the licensed territory and a fee on any sub-license agreements that are sold by the licensee where applicable. The Company processes and stores specimens sent directly from customers of licensees in Mexico, El Salvador, Guatemala, Ecuador, Panama, Honduras, Nicaragua, Costa Rica, Pakistan and Venezuela. The Company also processes and stores specimens from sub-licenses of Venezuela, who are Chile, Colombia and Peru. These fees are included in processing and storage fees revenue on the consolidated statements of operations. As part of the accounting for royalty revenue from India, the Company uses estimates and judgments based on historical processing and storage volume in determining the timing and amount of royalty revenue to recognize. The Company periodically reviews license and royalty receivables for collectability and, if necessary, will record an expense for an allowance for uncollectible accounts. If the financial condition of the Company s sub-licensees were to deteriorate beyond the estimates, the Company may have to increase the allowance for doubtful accounts which could have a negative impact on earnings. If the licensee s customer base were to decrease, it would negatively impact the Company s ongoing license income.

Accounts Receivable

Accounts receivable consist of the amounts due from clients that have enrolled and have processed in the umbilical cord blood processing and storage program and amounts due from licensee affiliates and do not require collateral. Accounts receivable due from clients and license affiliates that store specimens at the Company s facility in Oldsmar, Florida are due within 30 days and are stated at amounts due from clients net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering the length of time accounts receivable are past due, the Company s previous loss history, and the customer s and licensees current ability to pay its obligations. Therefore, if the financial condition of the Company s clients were to deteriorate beyond the estimates, the Company may have to increase the allowance for doubtful accounts which could have a negative impact on earnings. The Company writes-off accounts receivable when they

become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

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Investment in Saneron

The Company owns 33% and 34%, respectively, as of November 30, 2014 and November 30, 2013, of an entity that is involved in the area of stem cell research. The Company accounts for this investment under the equity method. The Company previously recorded equity in losses of affiliate until the investment balance was zero and only goodwill remained. The Company continues to record compensation expense related to expense for stock and warrant awards that were granted by Saneron at below fair market value to certain employees, consultants and members of Saneron management who represent owners of Saneron and serve on its board of directors. The investment is reviewed annually to determine if an other than temporary impairment exists. The Company does not believe that an impairment exists as of November 30, 2014 and November 30, 2013. If actual future results are not consistent with the Company s assumptions and estimates, the Company may be required to record impairment charges in the future which could have a negative impact on earnings.

Patents and Trademarks

The Company incurs certain legal and related costs in connection with patent and trademark applications. If a future economic benefit is anticipated from the resulting patent or trademark or an alternate future use is available to the Company, such costs are capitalized and amortized over the expected life of the patent or trademark. The Company s assessment of future economic benefit involves considerable management judgment. A different conclusion could result in the reduction of the carrying value of these assets. During fiscal 2014 and 2013, management decided to discontinue pursuing certain patents and trademarks resulting in a write-off of approximately $26,000 and $379,000, respectively, for abandoned patents and trademarks which is reflected as abandonment of patents in the accompanying consolidated statement of operations for the twelve months ended November 30, 2014 and November 30, 2013.

Revenue Sharing Agreements

The Company has entered into Revenue Sharing Agreements (RSAs) with various parties whereby these parties contracted with the Company for a percentage of future storage revenues the Company generates and collects from clients in specific geographical areas. The RSAs have no definitive term or termination provisions. The sharing applies to the storage fees for all specified specimens in the area up to the number covered in the contract. When the number of specimens is filled, any additional specimens stored in that area are not subject to revenue sharing. As there are empty spaces resulting from attrition, the Company agrees to fill them as soon as possible. The parties typically pay the Company a non-refundable up-front fee for the rights to these future payments. The Company recognized these non-refundable fees as a long-term liability. Given the criteria under which these RSAs are established, cash flows related to these contracts can fluctuate from period to period. All payments made to the other parties to the RSAs are recognized as interest expense. At such time as the total payments can be determined, the Company will commence amortizing these liabilities under the effective interest method. The Company does not intend to enter into additional RSAs.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09*, Revenue from Contracts with Customers (Topic 606).* This update provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This update is effective for annual and interim periods

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beginning after December 15, 2016, which will require us to adopt these provisions in the first quarter of fiscal 2018. Early application is not permitted. This update permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect this guidance will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In June 2014, the FASB issued Accounting Standards Update No. 2014-12, *Compensation Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period* (ASU 2014-12). This update requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition in determining expense recognition for the award. As a result, this type of performance condition may delay expense recognition until achievement of the performance target is probable. ASU 2014-12 is effective for reporting periods beginning after December 15, 2015, and early adoption is permitted. We will adopt ASU 2014-12 effective December 1, 2016 and it is not anticipated to have a material impact on our financial statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements and supplementary data listed in the accompanying Index to Consolidated Financial Statements are attached as part of this report.

The following consolidated financial statements of Cryo-Cell International, Inc. are included in Item 8:

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, are already included in the Notes to

Consolidated Financial Statements included under this Item 8 or are inapplicable, and therefore have been omitted.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Cryo-Cell International, Inc.

We have audited the accompanying consolidated balance sheets of Cryo-Cell International, Inc. (a Delaware corporation) and subsidiaries (the Company) as of November 30, 2014 and 2013, and the related consolidated statements of operations, changes in stockholders deficit, and cash flows for each of the two years in the period ended November 30, 2014. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements 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. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cryo-Cell International, Inc. and subsidiaries as of November 30, 2014 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended November 30, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP
Tampa, Florida
March 2, 2015

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	November 30, 2014	November 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,279,267	$ 3,925,156
Restricted cash	204,141	968,130
Marketable securities	102,674	37,910
Accounts receivable (net of allowance for doubtful accounts of $1,976,966 and $1,994,575, respectively)	4,071,997	3,336,460
Note receivable		550,782
Prepaid expenses	710,754	489,985
Other current assets	123,126	154,984
Total current assets	8,491,959	9,463,407
Property and Equipment-net	953,415	1,207,279
Other Assets		
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Deposits and other assets, net	80,212	146,116
Total other assets	764,212	830,116
Total assets	$ 10,209,586	$ 11,500,802
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current Liabilities		
Accounts payable	$ 992,910	$ 1,194,825
Accrued expenses	1,471,699	1,800,811
Deferred revenue	6,662,552	6,814,797
Total current liabilities	9,127,161	9,810,433
Other Liabilities		
Deferred revenue, net of current portion	9,509,088	8,658,354
Long-term liability - revenue sharing agreements	2,300,000	2,300,000
Total other liabilities	11,809,088	10,958,354

Commitments and Contingencies (Note 7)		
Stockholders Deficit		
Preferred stock ($.01 par value, 500,000 authorized and none issued and outstanding), and (Series A Junior participating preferred stock, $.01 par value, 20,000 authorized and none issued and outstanding)		
Common stock ($.01 par value, 20,000,000 authorized; 11,921,285 issued and 9,706,174 outstanding as of November 30, 2014 and 11,870,040 issued and 10,743,225 outstanding as of November 30, 2013)	119,213	118,700
Additional paid-in capital	27,842,106	27,265,340
Treasury stock, at cost	(5,112,648)	(2,926,123)
Accumulated deficit	(33,575,334)	(33,725,902)
Total stockholders deficit	(10,726,663)	(9,267,985)
Total liabilities and stockholders deficit	$ 10,209,586	$ 11,500,802

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

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	November 30, 2014	November 30, 2013
Revenue:		
Processing and storage fees	$ 18,655,060	$ 17,697,635
Licensee income	1,471,486	1,296,979
Total revenue	20,126,546	18,994,614
Costs and Expenses:		
Cost of sales	5,632,041	5,322,271
Selling, general and administrative expenses	12,251,921	11,366,417
Abandonment of patents	25,649	378,837
Research, development and related engineering	64,367	36,168
Depreciation and amortization	171,334	188,133
Total costs and expenses	18,145,312	17,291,826
Operating Income	1,981,234	1,702,788
Other Income (Expense):		
Other income	210,258	48,851
Interest expense	(1,151,459)	(1,400,572)
Total other expense	(941,201)	(1,351,721)
Income before equity in losses of affiliate and income tax expense	1,040,033	351,067
Equity in losses of affiliate	(362,884)	(154,051)
Income before income tax expense	677,149	197,016
Income tax expense	(123,526)	(169,580)
Net Income	$ 553,623	$ 27,436
Net income per common share - basic	$ 0.05	$ 0.00
Weighted average common shares outstanding - basic	10,175,806	10,864,552

Net income per common share - diluted	$ 0.05	$ 0.00
Weighted average common shares outstanding - diluted	10,429,035	10,972,484

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

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	November 30, 2014	November 30, 2013
Net income	$ 553,623	$ 27,436
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	377,008	394,502
Abandonment of patents	25,649	378,837
Loss on sale of property and equipment		44,428
Compensatory element of stock options	404,233	271,961
Provision for doubtful accounts	1,303,436	816,464
Equity in losses of affiliate	362,884	154,051
Changes in assets and liabilities:		
Accounts receivable	(2,038,973)	(1,316,135)
Notes receivable	550,782	564,723
Prepaid expenses	(220,769)	(39,071)
Other current assets	31,858	53,281
Deposits and other assets, net	37,628	31,140
Accounts payable	(201,915)	(15,148)
Accrued expenses	(329,112)	(1,116,947)
Deferred revenue	698,489	572,458
Net cash provided by operating activities	1,554,821	821,980
Cash flows from investing activities:		
Release of restricted cash held in escrow	763,989	1,608,714
Purchases of property and equipment	(120,517)	(349,784)
Purchases of marketable securities and other investments, net	(64,764)	(24,250)
Investments in patents		(47,525)
Investment in affiliate	(187,500)	(37,693)
Net cash provided by investing activities	391,208	1,149,462
Cash flows from financing activities:		
Treasury stock purchases	(2,671,060)	(738,618)
Proceeds from the exercise of stock options	79,142	14,950
Net cash used in financing activities	(2,591,918)	(723,668)
(Decrease) increase in cash and cash equivalents	(645,889)	1,247,774
Cash and cash equivalents - beginning of period	3,925,156	2,677,382

Cash and cash equivalents - end of period	$	3,279,267	$	3,925,156
Supplemental non-cash disclosure:				
Disposition of Cryo-Cell common stock held by Saneron, increase in investment	$	81,480	$	

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

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT