

ATOSSA GENETICS INC
Form 10-Q
August 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

OR

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

For the transition period from _____ to _____

Commission file number: 001-35610

ATOSSA GENETICS INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-4753208
(I.R.S. Employer
Identification No.)

1616 Eastlake Ave. East, Suite 510
Seattle, WA

98102
(Zip Code)

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(Address of principal executive offices)

Registrant's telephone number, including area code: (206) 325-6086

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

The number of shares of the registrant's common stock, \$0.001 par value per share, outstanding at August 9, 2013 was 15,580,074.

ATOSSA GENETICS INC.

FORM 10-Q

QUARTERLY REPORT

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PART I. FINANCIAL INFORMATION**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED****ATOSSA GENETICS INC.****(A DEVELOPMENT STAGE COMPANY)****CONSOLIDATED BALANCE SHEETS**

<u>Assets</u>	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Current Assets		
Cash and cash equivalents	\$ 2,439,512	\$ 1,725,197
Accounts receivable	520,424	141,665
Prepaid expense	2,347,701	122,633
Retainers (deposits)	47,500	-
Total Current Assets	5,355,137	1,989,495
Fixed Assets		
Furniture and Equipment, net	205,800	159,967
Total Fixed Assets	205,800	159,967
Other Assets		
Security deposit	36,446	36,447
Intangible assets, net	4,457,619	4,640,224
Total Other Assets	4,494,065	4,676,671
Total Assets	\$ 10,055,002	\$ 6,826,133
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 184,002	\$ 68,217
Accrued expenses	1,289,104	1,374,385
Deferred rent	72,537	-
Payroll Liabilities	196,873	207,996
Other current liabilities	31,654	-
Total Current Liabilities	1,774,170	1,650,598

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Stockholders' Equity		
Preferred stock - \$.001 par value; 10,000,000 shares authorized, 0 shares issued and outstanding	-	-
Common stock - \$.001 par value; 75,000,000 shares authorized, 15,338,074 and 12,919,367 shares issued and outstanding	15,338	12,919
Additional paid-in capital	22,522,539	14,894,522
Accumulated deficit	(14,257,045)	(9,731,906)
Total Stockholders' Equity	8,280,832	5,175,535
Total Liabilities and Stockholders' Equity	\$ 10,055,002	\$ 6,826,133

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

ATOSSA GENETICS, INC.**(A DEVELOPMENT STAGE COMPANY)****CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

	For the Three Months Ended June 30,		For The Six Months Ended June 30,		From April 30, 2009 (Inception) Through June 30, 2013
	2013	2012	2013	2012	
Revenue					
Diagnostic Testing Service	\$ 120,488	\$ 219,972	\$ 289,718	\$ 272,685	\$ 765,120
Product Sales	205,590	3,125	219,030	5,125	226,970
Total Revenue	326,078	223,097	508,748	277,810	992,090
Cost of Revenue					
Diagnostic Testing Service	2,356	17,788	49,955	20,985	85,700
Product Sales	219,804	-	238,669	-	243,833
Total Cost of Revenue	222,160	17,788	288,624	20,985	329,533
Loss on Reduction of Inventory to LCM	-	-	-	23,807	121,910
Gross Profit	103,918	205,309	220,124	233,018	540,647
Selling expenses	319,390	123,832	591,965	194,267	1,231,841
Research and Development expenses	189,955	543,081	410,147	961,071	3,967,533
General and Administrative expenses	2,177,920	704,208	3,742,792	1,305,660	9,565,126
Total operating expenses	2,687,265	1,371,121	4,744,904	2,460,998	14,764,500
Operating Loss	(2,583,347)	(1,165,812)	(4,524,780)	(2,227,980)	(14,223,853)
Interest Income	-	310	-	1,173	6,588
Interest Expense	352	2,446	359	4,060	39,530
Net Loss before Income Taxes	(2,583,699)	(1,167,948)	(4,525,139)	(2,230,867)	(14,256,795)
Income Taxes	-	-	-	-	250
Net Loss	\$(2,583,699)	\$(1,167,948)	\$(4,525,139)	\$(2,230,867)	\$(14,257,045)
Loss per common share - basic and diluted	\$ (0.17)	\$ (0.10)	\$ (0.32)	\$ (0.20)	\$ (1.63)

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Weighted average shares outstanding, basic & diluted	14,808,728	11,256,867	14,120,962	11,256,867	8,722,843
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The accompanying notes are an integral part of these consolidated financial statements.

ATOSSA GENETICS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Six Months Ended June 30,		For The Period From April 30, 2009 (Inception) to June 30, 2013
	2013	2012	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$(4,525,139)	\$(2,230,867)	\$ (14,257,045)
Common shares issued for services	181,798	-	252,798
Compensation cost for stock options granted	1,011,820	70,662	1,304,084
Loss on reduction of inventory to LCM	20,323	23,807	142,233