

Arrayit Corp
Form 10-Q/A
August 21, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

(Mark One)

**QUARTERLY REPORT
PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the Quarterly Period Ended
March 31, 2012**

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 No. 001-16381

ARRAYIT CORPORATION

(Exact name of registrant as specified in its charter)

Nevada
(State of other jurisdiction of incorporation)

76-0600966
(I.R.S. Employer Identification No.)

524 East Weddell Drive Sunnyvale, CA
(Address of Principal Executive Office)

94089
(Zip Code)

Registrant's telephone number, including area code: (408) 744-1331

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: Common Stock \$0.001 par value

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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 periods 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 Website, 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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated
filer Smaller reporting company
(Do not check if a smaller reporting company)

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

There were 27,303,574 shares of the Registrant's common stock outstanding at May 21, 2012.

Form 10-Q

For the Quarterly Period Ended March 31, 2012

During the performance of our quarterly review for the quarter ended June 30, 2012, we determined that common stock issuances by our subsidiary Arrayit Diagnostics, Inc. totalling 5,000,000 shares with fair value of \$1,000,000 were not previously reported in our Form 10-Q for the quarter ended March 31, 2012 which was originally filed on May 22, 2012 and amended on June 22, 2012. This amended Form 10-Q/A is being filed to record the change in our three month financial statements ended March 31, 2012 as a result of the stock issuances which increased our net loss by \$645,969 and loss per share by \$.02.

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- Exhibit 31.1
- Exhibit 31.2
- Exhibit 32.1
- Exhibit 32.2

This report contains trademarks and trade names that are the property of Arrayit Corporation and its subsidiaries, and of other companies, as indicated.

FORWARD-LOOKING STATEMENTS

Portions of this Form 10-Q, including disclosure under Management's Discussion and Analysis of Financial Position and Results of Operations, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), Section 21E of the Securities and Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements. Forward-looking statements involve assumptions and describe our plans, strategies, and expectations. You can generally identify a forward-looking statement by words such as may, will, should, expect, anticipate, estimate, believe, intend, contemplate or project. Factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, among others,

- our ability to raise capital,
- our ability obtain and retain customers,

- our ability to provide our products and services at competitive rates,
- our ability to execute our business strategy in a very competitive environment,

- our degree of financial leverage,
- risks associated with our acquiring and integrating companies into our own,

- risks related to market acceptance and demand for our services,
- the impact of competitive services,

- other risks referenced from time to time in our SEC filings.

With respect to any forward-looking statement that includes a statement of its underlying assumptions or bases, we caution that, while we believe such assumptions or bases to be reasonable and have formed them in good faith, assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material depending on the circumstances. When, in any forward-looking statement, we or our management express an expectation or belief as to future results, that expectation or belief is expressed in good faith

and is believed to have a reasonable basis, but there can be no assurance that the stated expectation or belief will result or be achieved or accomplished. All subsequent written and oral forward-looking statements attributable to us, or anyone acting on our behalf, are expressly qualified in their entirety by the cautionary statements. We do not undertake any obligations to publicly release any revisions to any forward-looking statements to reflect events or circumstances after the date of this report or to reflect unanticipated events that may occur.

PART I FINANCIAL INFORMATION**ITEM 1.****ARRAYIT CORPORATION****CONSOLIDATED BALANCE SHEETS**

Statement of Financial Position	03/31/2012 (restated)	12/31/2011
ASSETS		
Current Assets:		
Cash	\$20,702	\$1,519
Accounts receivable	59,663 [1]	276,954 [2]
Inventory	176,030	180,638
Prepaid expenses	2,250	2,250
Total current assets {sum}	258,645	461,361
Property and equipment, net	12,810	16,310
Deposits	18,365	18,365
Total assets {sum}	\$289,820	\$496,036
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	\$6,647,213	\$6,564,585
Bank overdraft	87,853	173,262
Due to related parties	605,783	615,783
Customer deposits	4,895	4,895
Notes payables, current portion including related parties	1,115,287	1,145,892
Total current liabilities {sum}	8,461,031	8,504,417
Notes payable, long term	0	0
Total liabilities {sum}	8,461,031	8,504,417
Commitments and contingencies	0	0
Stockholders' Deficit		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized;		
Preferred stock, Series A, 22,034 shares outstanding	22	22
Preferred stock, Series C,\$0.001 par value; 91,259 and 91,887 shares outstanding	92	92
Common stock, \$0.001 par value; 480,000,000 shares authorized, 27,303,112 and 26,978,501 issued and outstanding	27,004	26,788
Additional paid-in capital	16,582,026	16,546,092
Accumulated deficit	-25,382,850	-24,544,723

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Total Arrayit Corp s Stockholders Equity (Deficit) {sum}	-8,773,706	-7,971,729
Total Non-controlling interests	-602,495	-36,652
Total stockholders' deficit {sum}	-8,171,211	-8,008,381
Total liabilities and stockholders' deficit {sum}	289,820	\$496,036

[1] Accounts receivable, net of allowance for doubtful accounts of \$133,000

[2] Accounts receivable, net of allowance for doubtful accounts of \$133,000

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

ARRAYIT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 2012 (restated)	For the Three Months Ended March 31, 2011
Statement of Operations		
Total Revenues	\$568,275	\$977,267
Cost of Sales	352,323	552,552
Gross Margin {sum}	215,952	424,715
Selling, General and Administrative	1,344,651	368,399
Research and Development	450	11,055
Legal Expense	27,427	15,391
Loss from operations {sum}	(1,156,576)	29,870
Interest expense	(42,403)	(47,431)
Net loss	(1,198,979)	(17,561)
Less: Net loss attributable to the non-controlling interest	(360,852)	(12,666)
Net Loss attributable to common stockholders {sum}	(\$838,127)	(\$4,895)
Profit (Loss) per share - basic	\$(0.03)	(\$0.00)
Basic weighted average number of common shares	26,717,726	26,200,068
<i>The accompanying notes are an integral part of these consolidated financial statements</i>		

ARRAYIT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31	
	2012 (restated)	2011
Cash flows from operating activities:		
Net loss	\$ (1,198,980)	\$ (17,561)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	3,500	7,652
Accretion of debt discount	0	8,916
Stock paid for services	36,150	46,500
Increase in non-controlling interest	1,000,000	0
Changes in operating assets and liabilities		
Accounts receivable	217,291	(64,150)
Inventory	4,608	99,087
Prepays	0	(2,250)
Accounts payable and accrued liabilities	93,662	56,571
Bank overdraft	(85,409)	11,246
Due to related parties	(10,000)	(16,500)
Customer deposits	0	(85,093)
Net cash provided by operating activities	60,822	44,418
Cash flows from investing activities:		
Cash paid for purchase of fixed assets	0	(3,290)
Cash flows from financing activities:		
Proceeds from notes payable	0	0
Payments on notes payable, net	(41,639)	(51,818)
Net cash provided by (used in) financing activities	(41,639)	(51,818)
Net increase (decrease) in cash	19,183	(10,690)
Cash, beginning of period	1,519	10,833
Cash, end of period	20,702	143

Supplemental cash flow information:

Cash paid for interest	31,369	23,963
Cash paid for income taxes	0	0

Noncash Transaction:

Payment of bank note by related party in exchange for note payable with the company	0	161,602
Conversion of accrued interest to notes payable	11,034	19,778
Conversion of preferred stock	110	110

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

ARRAYIT CORPORATION

NOTES TO CONSOLIDATED UNAUDITED STATEMENTS

March 31, 2012

NOTE 1 ORGANIZATION AND BUSINESS OPERATIONS

Arrayit Corporation (the Company or Arrayit) is a Nevada Corporation that entered into the life sciences in 1996. Arrayit is a leading edge developer, manufacturer and marketer of next-generation life science tools and integrated systems for the large scale analysis of genetic variation, biological function and diagnostics. Using Arrayit s proprietary technologies, the Company provides a comprehensive line of products and services that currently serve the sequencing, genotyping, gene expression and protein analysis markets, and the Company expects to enter the market for molecular diagnostics.

Arrayit has earned respect as a leader in the health care and life sciences industries with its proven expertise in three key areas: the development and support of microarray tools and components, custom printing and analysis of microarrays for research, and the identification and development of diagnostic microarrays and tools for early detection of treatable disease states. As a result, Arrayit has provided tools and services to thousands of the leading genomic research centers, pharmaceutical companies, academic institutions, clinical research organizations, government agencies and biotechnology companies worldwide.

The Company s patented tools and trade secrets provide researchers around the world with the performance, throughput, cost effectiveness and flexibility necessary to perform the billions of genetic tests needed to extract valuable medical information. The Company believes this information will enable researchers to correlate genetic variation and biological function, which will enhance drug discovery, drug development and clinical research, allowing diseases to be detected earlier and permitting better choices of drugs for individual patients.

Effective Thursday, March 19, 2009, the final steps of the business combination with Integrated Media Holdings, Inc (IMHI) were completed and the Company s common stock began trading on the OTC Bulletin Boards as ARYC . In addition, the Company changed its name to Arrayit Corporation , was reincorporated to Nevada from Delaware, and reverse-split its common stock and Series A Convertible Preferred stock in the ratio of one for thirty shares. The reverse split was only applicable to the Company s Class A Preferred shares and its Common Shares. The Class C Preferred Shares were not affected by the reverse split. The reverse split had no effect upon the convertible debt which fixed the amount of shares to be issued at 12,478,357 both pre and post split. As the March 19, 2009, Directors Resolution did not change the authorized share capital of the Company, the authorized number of Common Shares was reduced from 100,000,000 to 3,333,333. The Directors approved the reverse split to create a more orderly market for the trading of its Common Shares on the OTC BB.

On August 31, 2009, a majority of the stockholders provided written consent in lieu of a meeting to approve an increase in the authorized common shares of the Company from 3,333,333 to 480,000,000 and an increase in the authorized preferred shares of the Company from 166,667 to 20,000,000. A Certificate of Amendment to the Restated Certificate of Incorporation of the Company was filed on December 18, 2009. The forgoing was published in form DEF 14-C on November 18, 2009.

The effects of the Reverse Stock Split have been reflected retroactively in the accompanying consolidated financial statements and notes thereto for all periods presented.

Arrayit has a December 31 year end.

Arrayit's principal office is in Sunnyvale, California. Arrayit presently has nine employees.

Interim financial statements

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The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in Arrayit's Annual Report filed with the SEC on Form 10-KA. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements, which would substantially duplicate the disclosure contained in the audited financial statements for fiscal year 2011 as reported in Form 10-KA, have been omitted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN*Basis of Presentation*

Through May 23, 2011, the date in which the Company entered into equity transactions relating to its Arrayit Diagnostics, Inc. subsidiary as described below, the accompanying Consolidated Financial Statements include the following majority-owned subsidiaries for all or a portion of the periods indicated, each of which has been consolidated since the date the Company acquired majority-voting control (collectively, the Consolidated Subsidiaries):

Subsidiary	Date of Incorporation	Business of Entity	Ownership
Arrayit Diagnostics, Inc.	June 2, 2009	Develops medical tests and through its partially owned subsidiaries markets these tests to the medical community. incorporating the technology and equipment developed by Arrayit Corporation	80% owned by Arrayit Corporation
Arrayit Diagnostics (Ovarian), Inc.	June 16, 2009	Markets a test for Ovarian Cancer incorporating the technology and equipment developed by Arrayit Corporation	80% owned by Arrayit Diagnostics, Inc.
Arrayit Diagnostics (Parkinson), Inc.	October 15, 2009	Markets a test for Parkinson's Disease incorporating the technology and equipment developed by Arrayit Corporation	80% owned by Arrayit Diagnostics, Inc.

On May 23, 2011, Arrayit Diagnostics, Inc. (Diagnostics) acquired the outstanding 20% non-controlling interest in Ovarian, recognizing no gain or loss on the transaction. Ovarian was then collapsed into Diagnostics, which continues to be an 80% subsidiary of the Company.

Also on May 23, 2011, Diagnostics acquired the outstanding 20% non-controlling interest in Parkinson, also recognizing no gain or loss on the transaction, and distributed the now 100% owned subsidiary directly to Arrayit Corporation. As part of the exchange, Parkinson's name was changed to Arrayit Scientific Solutions, Inc. The following includes a description of majority owned subsidiaries and ownership at March 31, 2012:

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Subsidiary	Date of Incorporation	Business of Entity	Ownership
Arrayit Diagnostics, Inc.	June 2, 2009	Markets a test for Ovarian Cancer incorporating the technology and equipment developed by Arrayit Corporation	78% owned by Arrayit Corporation
Arrayit Scientific Solutions, Inc.	October 15, 2009	Markets a test for Parkinson's Disease incorporating the technology and equipment developed by Arrayit Corporation	98% owned by Arrayit Corporation (2% owned by the President of Arrayit Scientific Solutions, Inc.)

On December 12, 2011, Arrayit Corporation signed an Agreement and Plan of Distribution with its subsidiary, Arrayit Diagnostics, Inc., whereby 19,350,000 shares of common stock of Arrayit Diagnostics (78.18% of the total outstanding) owned by Arrayit Corporation will be distributed ratably to the shareholders of Arrayit Corporation on the record date which will be upon successful completion of the Form S-1 registration statement by Arrayit Diagnostics, Inc.

Summary of Significant Accounting Policies

Financial Reporting:

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. Revenues and expenses are reported on the accrual basis, which means that income is recognized as it is earned and expenses are recognized as they are incurred.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report