

ANGIODYNAMICS INC
Form 10-Q/A
July 25, 2017
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

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

For the quarterly period ended November 30, 2016

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 0-50761

AngioDynamics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	11-3146460
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14 Plaza Drive Latham, New York	12110
(Address of principal executive offices)	(Zip Code)

(518) 795-1400

Registrant's telephone number, including area code

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

Title of each class	Name of each exchange on which registered
---------------------	---

Common stock, par value \$.01	NASDAQ Global Select Market
-------------------------------	-----------------------------

Preferred Stock Purchase Rights	NASDAQ Global Select Market
---------------------------------	-----------------------------

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

None

(Title of Class)

Table of Contents

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

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

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

Indicate by check mark 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 ☐

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

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of January 3, 2017
Common Stock, par value \$.01	37,146,923

Table of Contents

EXPLANATORY NOTE

For convenience purposes in this filing on Form 10-Q/A, AngioDynamics, Inc. together with its subsidiaries, is referred to as "AngioDynamics," the "Company," "we," "our" or "us".

We are filing this Amendment No. 1 (this "Amendment" or "Form 10-Q/A") to our Form 10-Q for the second quarter ended November 30, 2016 to amend our conclusion on the effectiveness on our disclosure controls and procedures following an inspection by the Public Company Accounting Oversight Board of PricewaterhouseCoopers LLP's ("PwC") audit of our May 31, 2016 financial statements and internal controls over financial reporting, as discussed below. Our Annual Report on Form 10-K for the year ended May 31, 2016 (the "Form 10-K" or the "Original Form 10-K") was originally filed with the Securities and Exchange Commission (the "SEC") on August 1, 2016. At the time of filing our Form 10-K, we determined that our disclosure controls and procedures ("DC&P") and our internal controls over financial reporting ("ICFR") were each effective as of May 31, 2016. Subsequent to that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our DC&P and ICFR were not effective as of May 31, 2016.

Management of the Company, after discussions with PwC and the Audit Committee, determined that Management's Report on Internal Control over Financial Reporting included in the Form 10-K should no longer be relied upon due to a material weakness specifically related to the goodwill impairment test as further discussed in Item 4, Controls and Procedures. The material weakness was not remediated as of November 30, 2016.

The material weakness did not result in a misstatement of the consolidated financial statements for the quarter ended November 30, 2016.

See "Items Amended by this Filing" below for a description of the items of the Form 10-Q originally filed with the SEC on January 6, 2017 (the "Original Form 10-Q") that are being amended pursuant to this Amendment.

Items Amended by this Filing

The following items of the Original Form 10-Q are being amended:

Item 4: Controls and Procedures

Other than as described above and the inclusion with this Amendment of new certifications by management, and related amendments to the List of Exhibits, this Amendment speaks only as of the date of the Original Form 10-Q and does not amend, supplement or update any information contained in the Original Form 10-Q to give effect to any subsequent events. Accordingly, this Amendment should be read in conjunction with the Original Form 10-Q and our reports filed with the SEC subsequent to the Original Form 10-Q.

Table of Contents

AngioDynamics, Inc. and Subsidiaries
TABLE OF CONTENTS

	Page
<u>Part I: Financial Information</u>	
Item 4. <u>Controls and Procedures (as amended)</u>	<u>5</u>
<u>Part II: Other Information</u>	
Item 6. <u>Exhibits</u>	<u>6</u>

Table of Contents

Item 4. Controls and Procedures (as amended).

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based solely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) promulgated under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of our Company's Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of our disclosure controls and procedures as of November 30, 2016. At the time our Quarterly Report on Form 10-Q for the quarter ended November 30, 2016 was filed on January 6, 2017, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of November 30, 2016. Subsequent to that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of November 30, 2016 because of the material weakness in our internal control over financial reporting described below.

We did not design and maintain effective internal controls over the accounting for the annual goodwill impairment test. Specifically, we did not design and maintain effective controls to review in sufficient detail the cash flow projections and significant valuation model assumptions used in the goodwill impairment test as of December 31, 2015.

A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis. This material weakness did not result in a misstatement to the consolidated financial statements. However, this material weakness could result in misstatements that would result in a material misstatement of the consolidated financial statements that would not be prevented or detected.

In response to this material weakness, our management performed additional analysis and procedures, in order to conclude that despite the material weakness reported above, the consolidated financial statements included in this report fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods presented and that this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Remediation Plan

We developed a plan to enhance our internal controls over financial reporting for the goodwill impairment test, which we believe also will address the material weakness discussed above, including the specific remediation initiatives described below:

• Update the goodwill impairment control to ensure that it is designed appropriately.

Ensure sufficient documentation is retained if the discounted cash flow method is required for performing the goodwill impairment test including detailed procedures over the cash flow projections and valuation model assumptions.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting for the fiscal quarter ended November 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

Item 6. Exhibits.
EXHIBIT INDEX

No. Description

- Credit Agreement, dated as of November 7, 2016, by and among AngioDynamics, Inc., the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Keybank National Association as co-syndication agents, and JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and joint lead arrangers (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, filed with the Commission on November 10, 2016).
- 4.1
- 31.1 Certification pursuant to Rule 13a-14(a) or 15d-14 under the Securities Exchange Act of 1934.
- 31.2 Certification pursuant to Rule 13a-14(a) or 15d-14 under the Securities Exchange Act of 1934.
- 32.1 Certification of Chief Executive Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Instance Document (incorporated by reference as part of the Company's quarterly report on Form 10-Q filed with the Commission on January 6, 2017).
- 101.SCH XBRL Schema Document (incorporated by reference as part of the Company's quarterly report on Form 10-Q filed with the Commission on January 6, 2017).
- 101.CAL XBRL Calculation Linkbase Documents (incorporated by reference as part of the Company's quarterly report on Form 10-Q filed with the Commission on January 6, 2017).
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document (incorporated by reference as part of the Company's quarterly report on Form 10-Q filed with the Commission on January 6, 2017).
- 101.LAB XBRL Labels Linkbase Documents (incorporated by reference as part of the Company's quarterly report on Form 10-Q filed with the Commission on January 6, 2017).
- 101.PRE XBRL Presentation Linkbase Documents (incorporated by reference as part of the Company's quarterly report on Form 10-Q filed with the Commission on January 6, 2017).

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ANGIODYNAMICS, INC.

Date: July 25, 2017 By: /S/ JAMES C. CLEMMER

James C. Clemmer,
President, Chief Executive Officer
(Principal Executive Officer)