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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2016

☐ 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 1-12471

INTEGRATED SURGICAL SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**68-0232575** (I.R.S. Employer Identification No.)
2425 Cedar Springs Road **Dallas, Texas** (Address of principal executive offices)	**75201** (Zip Code)

(310) 526-5000
(Registrant’s telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act: **Common Stock $0.01 par value**

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

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

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 þ 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ 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 ☐ (Do not check if a smaller reporting company)	Smaller reporting company þ

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

As of August 10, 2016, the Registrant had 9,483,503 shares of common stock outstanding.

Integrated Surgical Systems, Inc.

Form 10-Q
For the six and three months ended June 30, 2016

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Part I. Financial Information

Item 1. Condensed Financial Statements

Integrated Surgical Systems, Inc.
Condensed Balance Sheets

	June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 862,990	$ 545,705
Investments in available-for-sale securities	1,391,154	1,776,185
Other current assets	12,797	29,928
Total current assets	2,266,941	2,351,818
Total Assets	$ 2,266,941	$ 2,351,818
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 111	$ 9,631
Conversion feature liability	85,537	76,343
Total current liabilities	85,648	85,974
Commitments and contingencies		
Redeemable convertible preferred stock, $0.01 par value, 1,000,000 shares authorized; 168 shares issued and outstanding ($168,496 aggregate liquidation value)	168,496	168,496
Stockholders' equity:		
Common stock, $0.01 par value, 100,000,000 shares authorized; 9,424,909 and 9,282,981 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	94,249	92,829
Common stock to be issued	9,375	12,500
Additional paid-in capital	64,534,632	64,514,177
Accumulated deficit	(62,643,982)	(62,527,454)
Accumulated other comprehensive income	18,523	5,296
Total stockholders' equity	2,012,797	2,097,348
Total liabilities and stockholders' equity	$ 2,266,941	$ 2,351,818

See accompanying notes to condensed financial statements

Integrated Surgical Systems, Inc.
Condensed Statements of Comprehensive Loss
(Unaudited)

	Six Months ended June 30, 2016	Six Months ended June 30, 2015
Operating Expenses		
General and administrative expenses	$ 118,891	$ 130,054
Loss from operations	(118,891)	(130,054)
Other income (expense)		
Interest and dividend income, net	9,551	17,945
Change in fair value of conversion feature	(9,194)	(538)
Realized gain on available-for-sale securities	2,806	1,517
Total other income	3,163	18,924
Loss before income taxes	(115,728)	(111,130)
Income taxes	800	800
Net loss	$ (116,528)	$ (111,930)
Other comprehensive income (loss)		
Unrealized gain on available-for-sale securities before reclassification, net of tax	16,033	430
Reclassification adjustment for gains, net of tax	(2,806)	(1,605)
Other comprehensive income (loss)	13,227	(1,175)
Comprehensive loss	$ (103,301)	$ (113,105)
Basic net loss per common share	$ (0.01)	$ (0.01)
Diluted net loss per common share	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding		
Basic	9,386,712	9,065,208
Diluted	9,386,712	9,065,208

See accompanying notes to condensed financial statements

Integrated Surgical Systems, Inc.
Condensed Statements of Comprehensive Loss
(Unaudited)

	Three Months ended June 30, 2016	Three Months ended June 30, 2015
Operating Expenses		
General and administrative expenses	$ 50,878	$ 56,349
Loss from operations	(50,878)	(56,349)
Other income (expense)		
Interest and dividend income, net	5,186	7,011
Change in fair value of conversion feature	134	(2,599)
Realized gain on available-for-sale securities	2,194	1,588
Total other income	7,514	6,000
Loss before income taxes	(43,364)	(50,349)
Income taxes	-	800
Net loss	$ (43,364)	$ (51,149)
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities before reclassification, net of tax	4,941	(351)
Reclassification adjustment for gains, net of tax	(2,194)	(1,677)
Other comprehensive income (loss)	2,747	(2,028)
Comprehensive loss	$ (40,617)	$ (53,177)
Basic net loss per common share	$ (0.00)	$ (0.01)
Diluted net loss per common share	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding		
Basic	9,417,826	9,104,408
Diluted	9,417,826	9,104,408

See accompanying notes to condensed financial statements

Integrated Surgical Systems, Inc.
Condensed Statements of Cash Flows
(Unaudited)

	Six Months ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	$ (116,528)	$ (111,930)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of conversion feature	9,194	538
Stock based compensation	18,750	25,000
Realized gains on available-for-sale securities	(2,806)	(1,517)
Changes in operating assets and liabilities:		
Other current assets	17,131	12,299
Accounts payable and accrued liabilities	(9,520)	(9,000)
Net cash used in operating activities	(83,779)	(84,610)
Cash flows from investing activities:		
Purchases of available for sale securities	-	(1,067,592)
Proceeds received from maturities of available-for-sale securities	401,064	819,754
Net cash provided by (used in) investing activities	401,064	(247,838)
Net increase (decrease) in cash and cash equivalents	317,285	(332,448)
Cash and cash equivalents at beginning of period	545,705	542,215
Cash and cash equivalents at end of period	$ 862,990	$ 209,767
Supplemental cash flow disclosure:		
Supplemental non-cash disclosure:		
Unrealized gain (loss) on available-for-sale securities	$ 13,227	$ (1,175)

See accompanying notes to condensed financial statements

Integrated Surgical Systems, Inc.
Condensed Statement of Changes in Stockholders' Equity (unaudited)

	Common Stock Shares	Common Stock Amount	Common Stock To Be Issued Shares	Common Stock To Be Issued Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2015	9,282,981	$ 92,829	83,334	$ 12,500	$ 64,514,177	$ 5,296	$ (62,527,454)	$ 2,097,348
Stock-based compensation	141,928	1,420	(83,334)	(12,500)	20,455	-	-	9,375
Common stock to be issued	-	-	58,594	9,375	-	-	-	9,375
Comprehensive income (loss)								
Net loss	-	-	-	-	-	-	(116,528)	(116,528)
Other Comprehensive income								
Net unrealized gain on investment in securities	-	-	-		-	13,227	-	13,227
Comprehensive income (loss)	-	-	-		-	13,227	(116,528)	(103,301)
Balance at June 30, 2016	9,424,909	$ 94,249	58,594	$ 9,375	$ 64,534,632	$ 18,523	$ (62,643,982)	$ 2,012,797

See accompanying notes to condensed financial statements

Integrated Surgical Systems, Inc.
Notes to Condensed Financial Statements (unaudited)

1. Organization and Operations

Integrated Surgical Systems, Inc. (the "Company") was incorporated in Delaware in 1990 to design, manufacture, sell and service image-directed, computer-controlled robotic software and hardware products for use in orthopedic surgical procedures. On June 28, 2007, the Company completed the sale of substantially all of its operating assets. After completion of the sale, the Company no longer engaged in any business activities related to its former business, described above. The Company's current operations are limited to completing a business combination or strategic alliance, when a suitable candidate is identified.

The Company does not have an estimate as to when it will identify a qualified merger, acquisition, or strategic alliance candidate. There is no assurance that such opportunities will be available, or if available, upon favorable terms. If the Company is unsuccessful in completing a suitable merger, acquisition or strategic alliance, then the Board of Directors may liquidate the Company and distribute all its remaining assets, which consist primarily of cash and available-for-sale securities, to its stockholders.

The Company believes that if it identifies a suitable merger, acquisition or strategic alliance target, it will need additional capital to complete the transaction. The Company, at this time, cannot estimate the amount of financing it may need for a transaction. There is no assurance that it will be able to obtain any required funding for a transaction, or that if it is obtainable it will be on acceptable terms.

2. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements and related notes have been prepared in accordance with the rules and regulations under Regulation S-X of the Securities and Exchange Commission for Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The condensed balance sheet at December 31, 2015 has been derived from the Company's audited financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position as of June 30, 2016, the results of operations and cash flows for the six months then ended have been included. These condensed financial statements should be read in conjunction with the financial statements of the Company and the Company's management discussion and analysis included in the Company's Form 10-K for the year ended December 31, 2015. Interim results are not necessarily indicative of the results for a full year.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include checking and money market accounts held in two financial institutions. The Company has a checking account at one institution with a balance of approximately $116,000 at June 30, 2016. The funds in this account are fully guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company has a money market account in a brokerage account with a second financial institution, with a money market cash balance of approximately $747,000 at June 30, 2016. Assets in this brokerage account are protected by the Securities Investor Protection Corporation ("SIPC") up to $500,000 (with a limit of $250,000 for cash). Throughout the year, the account balances at these institutions periodically exceed FDIC and SIPC insurance coverage; however, the Company has not experienced losses in these accounts and believes it is not exposed to any significant credit risk.

Stock-Based Compensation

Compensation costs for stock, warrants or options issued to employees and non-employees are based on the fair value method and accounted for in accordance with FASB ASC 718, " Compensation – Stock Compensation." The value of warrants and options are calculated using a Black-Scholes Model, using the market price of the Company's common stock on the date of issuance for the employee options or warrants and the date of commitment for non-employee options or warrants, an expected dividend yield of zero, the expected life of the warrants or options and the expected volatility of the Company's common stock.

Investments in Available-for-Sale Securities

The Company has a portfolio of investments in available-for-sale debt securities, which consist of fixed income debt securities, and which are accounted for in accordance with FASB ASC 320, “Investments - Debt and Equity Securities.” Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, net of the related deferred tax effect, if any, are reported as other comprehensive income, a separate component of stockholders’ equity.

Fair Value Measurement

FASB ASC 820 “*Fair Value Measurements and Disclosures”* clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

In accordance with FASB ASC 820, the Company measures its cash equivalents, investments in available-for-sale securities, and derivative liability at fair value. The company classifies its cash equivalents and investments in available for sale securities within Level 1 or Level 2 in the fair value hierarchy because the company uses quoted market prices or alternative pricing sources and models utilizing observable market inputs to determine their fair value. The Company’s derivative liability is classified within Level 3.

The carrying value of other current assets and liabilities are considered to be representative of their respective fair values because of the short-term nature of those instruments.

Income Taxes

Deferred income taxes have been provided for temporary differences between financial statement and income tax reporting under the liability method, using expected tax rates and laws that are expected to be in effect when the differences are expected to reverse. A valuation allowance is provided when realization is not considered more likely than not.

The Company applies the provisions of FASB ASC 740, “*Income Taxes*.” ASC 740 clarifies the accounting for uncertainty in income taxes recognized in the Company’s financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company’s policy is to classify expenses as a result of income tax assessments as interest expense for interest charges and as penalties in general and administrative expenses for penalty assessments.

Recently Issued Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

3. Income (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period plus dilutive common stock equivalents, using the treasury stock method.

Common stock equivalents for convertible preferred stock of 1,238,941 and 1,321,537 shares were excluded from the calculation of loss per share for the six months and three months ended June 30, 2016 and 2015, respectively, because they were not dilutive; these shares would have been dilutive if the Company had not had a net loss for the these periods.

Stock options for the purchase of 175,000 and 200,000 shares of the Company's common stock were excluded from the calculation of income per share for the six months and three months ended June 30, 2016 and 2015, respectively, because they were anti-dilutive.

4. Investment in Available-for-Sale Securities

The following is a summary of the Company's investments in available-for-sale securities as of June 30, 2016 (unaudited):

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. federal agency securities	$ 4,875	$ 73	$ -	$ 4,948
Municipal securities	403,138	2,849	(98)	405,889
Certificates of deposit	947,697	26,293	(10,793)	963,197
Corporate debt securities	16,921	199	-	17,120
	$ 1,372,631	$ 29,414	$ (10,891)	$ 1,391,154

The following is a summary of the Company's investments in available-for-sale securities as of December 31, 2015:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. federal agency securities	$ 4,830	$ 55	$ -	$ 4,885
Municipal securities	492,237	789	(980)	492,046
Certificates of deposit	1,256,649	20,182	(14,865)	1,261,966
Corporate debt securities	17,173	115	-	17,288
	$ 1,770,889	$ 21,141	$ (15,845)	$ 1,776,185

The cost and fair value of investments in fixed income available-for-sale debt securities, by contractual maturity, as of June 30, 2016 (unaudited), are as follows:

	Cost	Fair Value
Due within one year	$ 975,209	$ 987,632
Due after one year through three years	220,371	222,476
Due after three years	177,051	181,046
	$ 1,372,631	$ 1,391,154

Expected maturities will differ from contractual maturities because the issuers of certain debt securities have the right to call or prepay their obligations without any penalties. The Company has classified the entire fair value of its investments in available-for-sale debt securities as current assets in the accompanying condensed balance sheets.

5. Redeemable Convertible Preferred Stock

The Company's Certificate of Incorporation authorized 1,000,000 shares of undesignated, serial preferred stock. Preferred stock may be issued from time to time in one or more series. The Board of Directors is authorized to determine the rights, preferences, privileges, and restrictions granted to and imposed upon any wholly unissued series of preferred stock and designation of any such series without any further vote or action by the Company's stockholders.

As of June 30, 2016 and December 31, 2015, the Company's only outstanding series of convertible preferred stock is the Series G Convertible Preferred Stock ("Series G").

The Series G stock has a stated value of $1,000 per share, and is convertible into common stock at a conversion price equal to 85% of the lowest sale price of the common stock on its listed market over the five trading days preceding the date of conversion ("Beneficial Conversion Feature"), subject to a maximum conversion price. The number of shares of common stock that may be converted is determined by dividing the stated value of the number of shares of Series G to be converted by the conversion price. The Company may elect to pay the Series G holder in cash at the current market price multiplied by the number of shares of common stock issuable upon conversion.

For the six months ended June 30, 2016 and the year ended December 31, 2015, no shares of Series G were converted into shares of common stock. At June 30, 2016 and December 31, 2015, the outstanding Series G shares were convertible into a minimum of 1,238,941 and 1,321,537 shares of common stock, respectively.

Upon a change in control, sale of or similar transaction, as defined in the Certificate of Designation for the Series G, each holder of the Series G has the option to deem such transaction as a liquidation and may redeem his or her shares at the liquidation value of $1,000, per share, for an aggregate amount of $168,496. The sale of all the assets on June 28, 2007 triggered the preferred stockholders' redemption option. As such redemption is not in the control of the Company, the Series G stock has been accounted for as if it was redeemable preferred stock and is classified on the balance sheet between liabilities and stockholders' equity.

The conversion feature of the preferred stock is considered a derivative according to ASC 815 "Derivatives and Hedging", therefore, the fair value of the derivative is reflected in the financial statements as a liability, which was determined to be $85,537 as of June 30, 2016 (unaudited), and has been included as "conversion feature liability" on the accompanying condensed balance sheets. As of December 31, 2015, the fair value of the derivative was determined to be $76,343.

The fair value of the conversion feature liability is calculated under a Black-Scholes Model, using the market price of the Company's common stock on each of the balance sheet dates presented, the expected dividend yield, the expected life of the redemption and the expected volatility of the Company's common stock.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and considering factors specific to the conversion feature liability. Since some of the assumptions used by the Company are unobservable, the conversion feature liability is classified within the level 3 hierarchy in the fair value measurement.

The expected volatility of the conversion feature liability was based on the historical volatility of the Company's common stock. The expected life assumption was based on the expected remaining life of the underlying preferred stock redemption. The risk-free interest rate for the expected term of the conversion feature liability was based on the average market rate on U.S. treasury securities in effect during the applicable quarter. The dividend yield reflected historical experience as well as future expectations over the expected term of the underlying preferred stock redemption. Therefore, the fair value of the conversion feature liability is sensitive to changes in above assumptions and changes of the Company's common stock price.

The table below shows the quantitative information about the significant unobservable inputs used in the fair value measurement of level 3 conversion feature liability:

	June 30, 2016 (unaudited)
Expected remaining life of the redemption in years	1.0
Risk free interest rate	0.45%
Expected annual volatility	98.94%
Annual rate of dividends	0%

The changes in the fair value of the derivative are as follows:

Balance as of January 1, 2016	$ 76,343
Decrease of fair value	9,194
Ending balance as of June 30, 2016 (unaudited)	$ 85,537

6. Stock-based compensation

For the six months ended June 30, 2016, the Company had no activity related to stock options. As of June 30, 2016, a summary of options outstanding under the Company's 2014 options grant was as follows:

Range of Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Number Outstanding	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 0.17	2.88	175,000	$ 0.17	175,000	$ 0.17

The Company agreed to compensate each director in the amount of $25,000 per year, payable quarterly, beginning on January 1, 2016. Such compensation may be paid to each director either in the form of cash, or the Company's common stock or a combination thereof at the election of such director which may be changed during the year with respect to future payments. The Company compensated one of its directors by issuing common stock, one of its directors by issuing common stock and in cash, and the third director in cash for services rendered in 2016. The Company compensated two of its four directors by issuing common stock, and two directors in cash for services rendered in 2015. The number of shares issued to each director was determined based upon the equivalent cash compensation accrued divided by the closing price of the Company's common stock on the date that the compensation is fully earned each quarter, which is the last day of such quarter. The Company recorded stock-based compensation expense of $9,375 and $18,750 for the three and six months ended June 30, 2016 for two directors, which is recorded as common stock to be issued.

On January 11, 2016, the Company issued 41,667 shares of common stock to each of two directors as compensation for the three months ended December 31, 2015. These shares, totaling 83,334, were valued at a per share price of $0.15, or a total of $12,500.

On April 12, 2016, the Company issued 39,063 shares of common stock to one director, and 19,531 shares of common stock to a second director as compensation for the three months ended March 31, 2016. These shares, totaling 58,594, were valued at a per share price of $0.16, or a total of $9,375 (unaudited).

On July 11, 2016, the Company issued 39,063 shares of common stock to one director, and 19,531 shares of common stock to a second director as compensation for the three months ended June 30, 2016. These shares, totaling 58,594, were valued at a per share price of $0.16, or a total of $9,375 (unaudited).

7. Related Party Transactions

The Company entered into an Investment Banking Advisory Services agreement in November 2007 with MDB Capital Group, LLC ("MDB"), and the parties extended this agreement indefinitely in April 2009. The agreement may be terminated by either party upon 30-days written notice. The Company has not paid, nor is it currently obligated to pay, any fees to MDB pursuant to this agreement and no services have been provided by MDB.

The Company has a securities investment account with MDB, consisting of (a) available-for-sale investments totaling $1,391,154, that include short-term federal securities of $4,948, and certificates of deposit, municipal securities and corporate debt securities totaling $1,386,206 at June 30, 2016 (unaudited), and (b) available-for-sale investments totaling $1,776,185, that include short-term federal securities of $4,885, certificates of deposit, municipal securities and corporate debt securities totaling $1,771,300 at December 31, 2015.

Mr. Christopher Marlett, the Chief Executive Officer and director of the Company, is also the Chief Executive Officer of MDB. Mr. Gary Schuman, who is the Chief Financial Officer of the Company, is also the Chief Financial Officer and Chief Compliance Officer of MDB. The Company compensates for Mr. Schuman's services in the amount of $3,000 per month, totaling $18,000 for the six months ended June 30, 2016 and 2015 (unaudited). Mr. Robert Levande, who is an officer and director of the Company, is also a senior managing director of MDB. In addition to shares of common stock (as discussed in Note 6), Mr. Levande was compensated $6,250 for his services as director for the six months ended June 30, 2016 (unaudited).

Please refer to Note 9. Subsequent Events for additional related party transactions information.

8. Commitments and Contingencies

From time to time, the Company may be subject to other claims and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings that it believes would reasonably be expected to have a material adverse effect on the Company's business, financial condition or results of operations.

9. Subsequent Events

On August 11, 2016, the Company entered into a term note agreement with a third-party company ("Borrower") for a loan of $150,000, plus expenses incurred by the Company in connection with the execution of this term note. The note is due at the earlier of (1) February 13, 2017, or (ii) the occurrence of certain events, as defined in the agreement. The note is secured by a personal guarantee of the principal officer of the Borrower as well as a corporate guarantee by MDB. The current principal amount as of August 11, 2016, including expenses incurred by the Company, is $153,500. The term note provides that the principal amount of the loan will be increased by $350,000, plus expenses incurred by the Company in connection with the note, if and when the principal officer of the Borrower provides additional security for the total loan amount in the form of a mortgage on certain real estate. The interest rate on the borrowed amount is 8% per annum. The loan agreement contains additional covenants, representations and events of default.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The discussion in this Quarterly Report on Form 10-Q contains forward-looking statements. Such forward-looking statements are based on current expectations, estimates and projections and certain assumptions made by management of Integrated Surgical Systems, Inc. (the "Company"). Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "could," "would," "may," "on target," "envisions," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, readers should carefully review the risk factors set forth in other reports or documents the Company files from time to time with the Securities and Exchange Commission ("SEC"), particularly the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

The following discussion should be read in conjunction with the unaudited financial statements and notes thereto in Part I, Item 1 of this Quarterly Report on Form 10-Q and with the audited financial statements and Notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations that are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed with the SEC.

Overview

The Company was founded to design, manufacture, sell and service image-directed, computer-controlled robotic software and hardware products for use in orthopedic surgical procedures. On June 28, 2007, the Company completed the sale of substantially all of its assets. After the sale, the Company became inactive, and it is no longer engaged in any business activities related to its former business. The Company's current operations are limited to completing a business combination or strategic alliance, when a suitable candidate is identified.

As of June 30, 2016, the Company had no employees, and the Company relies on outside contractors to perform basic and necessary services.

Results of Operations

Six Months Ended June 30, 2016 and 2015

For the six months ended June 30, 2016 and 2015, the Company had a net loss of $116,528 and $111,930, respectively. The increase in net loss was due primarily to a decrease in net interest income and an increase in the change in fair value of the conversion feature liability versus the prior period, offset by a decrease in director compensation in the current period versus the prior period. General and administrative expenses were $118,891 and $130,054 for the six months ended June 30, 2016 and 2015, respectively. The decrease in administrative expenses is due primarily to the decrease of approximately $12,500 of director compensation expense compared to the same period in 2015. The Company had a realized gain in available-for-sale securities for the six months ended June 30, 2016 of approximately $2,800, and a realized gain for the six months ended June 30, 2015 of approximately $1,500. Net interest income decreased by approximately $8,400 in the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Change in fair value of conversion feature was an increase of approximately $9,200 for the six months ended June 30, 2016, due to the change in fair value of the conversion feature of the Company's convertible preferred stock; the change in value was an increase of approximately $500 for the same period in 2015.

Three Months Ended June 30, 2016 and 2015

For the three months ended June 30, 2016 and 2015, the Company had a net loss of $43,364 and $51,149, respectively. The decrease in net loss was due primarily to a decrease in director compensation in the current period versus the prior period, offset by a decrease in net interest income and an increase in the change in fair value of the conversion feature liability versus the prior period. General and administrative expenses were $50,878 and $56,349 for the three months ended June 30, 2016 and 2015, respectively. The decrease in administrative expenses is due primarily to the decrease of approximately $6,300 of director compensation expense compared to the same period in 2015. The Company had a realized gain in available-for-sale securities for the three months ended June 30, 2016 of approximately $2,200, and a realized gain for the three months ended June 30, 2015 of approximately $1,600. Net interest income decreased by approximately $1,800 in the three months ended June 30, 2016 compared to the three months ended June 30, 2015. Change in fair value of conversion feature was a decrease of approximately $100 for the three months ended June 30, 2016, due to the change in fair value of the conversion feature of the Company's convertible preferred stock; the change in value was an increase of approximately $2,600 for the same period in 2015.

Liquidity and Capital Resources

The Company believes that existing cash, cash equivalents, and short-term available-for-sale securities will provide sufficient working capital for the Company to meet its operating plan for the next twelve months. The Board of Directors, including a director as its Chief Executive Officer, another director as its Secretary, and the Chief Financial Officer of a related party as the Company's Chief Financial Officer assist the Company with its continuing obligations under the federal securities laws and assist with the Company's plan to evaluate various merger, acquisition, or strategic alliance opportunities. None of these individuals receive additional compensation, other than that which is disclosed herein, for providing this assistance. The Company does not have an estimate as to when it will identify a qualified merger, acquisition, or strategic alliance candidate. There is no assurance that such opportunities will be available, or if available, upon favorable terms. If the Company is unsuccessful in completing a suitable merger, acquisition or strategic alliance, then the Board of Directors may liquidate the Company and distribute all its remaining assets, which consist primarily of cash and available-for-sale securities, to its stockholders.

The Company believes that if it identifies a suitable merger, acquisition or strategic alliance target, it will need additional capital to complete the transaction. The Company, at this time, cannot estimate the amount of financing it may need for a transaction. There is no assurance that it will be able to obtain any required funding for a transaction, or that if it is obtainable it will be on acceptable terms.

The Company anticipates that it will incur operating losses from operations in the next twelve months, until it enters into a suitable merger, acquisition or strategic alliance transaction, or until its liquidation.

Cash used in operating activities for the six months ended June 30, 2016 was approximately $83,800, which primarily consisted of an operating loss of approximately $116,500, an increase in other current assets of approximately $17,100, a decrease in accounts payable of approximately $9,500, and adjustments for non-cash expenses consisting of stock-based compensation of approximately $18,800, and a realized gain of approximately $2,800 on available for sale securities, and a change in the conversion feature liability of approximately $9,200 related to the Company’s Series G Convertible Preferred Stock.

Cash provided by investing activities for the six months ended June 30, 2016 of approximately $401,000 was due to the maturity of available-for-sale securities.

Cash used in operating activities for the six months ended June 30, 2015 was approximately $85,000, which primarily consisted of an operating loss of approximately $111,900, and an increase in other current assets of approximately $12,300, a decrease in accounts payable of $9,000, and adjustments for non-cash expenses consisting of stock-based compensation of approximately $25,000, and a realized gain of approximately $1,500 on available for sale securities, and offset by a change in the conversion feature liability of approximately $500 related to the Company’s Series G Convertible Preferred Stock.

Cash used in investing activities for the six months ended June 30, 2015 of approximately $248,000 was due to the purchase of available-for-sale securities of approximately $1,068,000, offset by the maturity or sale of available-for-sale securities of approximately $820,000.

Critical Accounting Policies and Estimates

There have been no significant changes during the six months ended June 30, 2016 to the critical accounting policies disclosed in the Company’s annual financial statements in its Form 10-K for the year ended December 31, 2015.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact the Company's financial position, operating results or cash flows due to changes in U.S. interest rates. The Company's exposure to market risk is confined to its available-for-sale investments, all of which it expects to hold less than one year. The goals of the Company's cash investment policy are the security of the principal amount invested and fulfillment of liquidity needs. The Company currently does not hedge interest rate exposure. Because of the short-term nature of its investments, the Company does not believe that an increase in market rates would have any material negative impact on the value of its investment portfolio.

As of June 30, 2016, the Company held approximately $863,000 in money market and checking accounts at two institutions. The Company has a checking account at one institution with a balance of approximately $116,000 at June 30, 2016. The funds in this account are fully insured by the Federal Deposit Insurance Corporation ("FDIC") as of June 30, 2016. The Company has a money market account in a brokerage account with a second financial institution, invested in short-term federal securities, municipal bonds, and corporate bonds, with a money market cash balance of approximately $747,000 at June 30, 2016. Assets in this brokerage account are protected by the Securities Investor Protection Corporation ("SIPC") up to $500,000 (with a limit of $250,000 for cash). Throughout the year the account balances at these institutions periodically exceed FDIC and SIPC insurance coverage; however, the company has not experienced losses in these accounts and believes it is not exposed to any significant credit risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2016 (the "Evaluation Date"). Based upon the evaluation of our disclosure controls and procedures as of the Evaluation Date, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective because of the identification of a material weakness in our internal control over financial reporting which is identified below, which we view as an integral part of our disclosure controls and procedures.

Management's Report on Internal Control Over Financial Reporting

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2016. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on its evaluation, our management concluded that there is a material weakness in our internal control over financial reporting and management has concluded that the Company's internal controls over financial reporting are ineffective as of June 30, 2016. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Management believes that despite these weaknesses in internal controls, there are no material misstatements in our annual financial statements.

The material weakness relates to the lack of segregation of duties in our financial reporting process and our utilization of outside third party consultants. We do not have a separately designated audit committee. These weaknesses are due to our lack of additional accounting and operational staff. To remedy this material weakness, we ultimately, if and when we conclude a business combination, will engage an internal accounting staff to assist with financial reporting. We have no estimate as to when we will conclude a business combination so as to be able to remedy this and any other material weaknesses we have in our internal controls over financial reporting.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 5. Other Information

On August 11, 2016, the Company entered into a term note agreement with a third-party company ("Borrower") for a loan of $150,000, plus expenses incurred by the Company in connection with the execution of this term note. The note is due at the earlier of (1) February 13, 2017, or (ii) the occurrence of certain events, as defined in the agreement. The note is secured by a personal guarantee of the principal officer of the Borrower as well as a corporate guarantee by MDB. The current principal amount as of August 11, 2016, including expenses incurred by the Company, is $153,500. The term note provides that the principal amount of the loan will be increased by $350,000, plus expenses incurred by the Company in connection with the note, if and when the principal officer of the Borrower provides additional security for the total loan amount in the form of a mortgage on certain real estate. The interest rate on the borrowed amount is 8% per annum. The loan agreement contains additional covenants, representations and events of default.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may be subject to other claims and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings that it believes would reasonably be expected to have a material adverse effect on the Company’s business, financial condition or results of operations.

Item 6. Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation (1)
3.2	By-laws (1)
10.1	Form of Promissory Note dated August 11, 2016 *
10.2	Form of Guarantee by borrower representative and MDB Capital Group LLC *
31.1	Certification Pursuant to Exchange Act Rule 13a-14(a) of Christopher A. Marlett *
31.2	Certification Pursuant to Exchange Act Rule 13a-14(a) of Gary A. Schuman *
32.1	Certification Pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 of Christopher A. Marlett *
32.2	Certification Pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 of Gary A. Schuman *
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *

(1) Incorporated by reference to Form SB-2 filed on July 30, 1996 (file no. 333-09207)

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTEGRATED SURGICAL SYSTEMS, INC.

By: /s/ Gary A. Schuman

Gary A. Schuman, Chief Financial Officer

Dated: August 15, 2016

Exhibit 10.1

TERM LOAN NOTE

August 11, 2016

1. **Promise to Pay**. For value received, _________, a Nevada corporation having its headquarters at ______ (the "**Borrower**"), promises to pay to Integrated Surgical Systems, Inc. (the "**Holder**"), with an office at 2425 Cedar Springs Rd, Dallas, TX 75201 (the "**Payment Office**"), in lawful money of the United States of America, the Loan Amount (herein defined), along with interest thereon at a rate per annum as set forth below and such other unpaid obligations owing from time to time hereunder (together the principal, interest and other obligations are referred to as the "Obligations").

2. (a) **Certain Defined Terms**. The following terms as used in this promissory note (this "**Note**") shall have the respective meanings set forth opposite such terms below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"**Applicable Rate**" means a rate per annum equal to 8%.

"**Borrower' Business**" means, a curated social media website business.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required to close.

"**Fundamental Change**" shall mean any of the following: (i) termination of the Borrower's Business, or (ii) either _______. ceases to actively be involved in the day to day activity of the Borrower's Business.

"**Loan Amount**" means the principal sum of One Hundred Fifty Thousand United States Dollars ($150,000.00) advanced upon execution of this Note, and an additional Three Hundred Fifty Thousand United States Dollars ($350,000.00) that shall be advanced by Holder only after ____ provides the mortgages in favor of the Holder as indicated in Section 6, plus the reasonable expenses of the Holder in creating this facility and obtaining the security interest of the mortgages, which will be added to the principle sum from time to time, as reflected on Schedule 1, and notified to the Borrower by the Holder.

"**Maturity Date**" means the earlier of (i) February 13, 2017 (or such earlier date on which this Note and the indebtedness evidenced hereby shall become due and payable in accordance with its terms), and (ii) the occurrence of a Fundamental Change.

"**Person**" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

(b) **Other Defined Terms**. Other terms defined are in the other parts of this Note indicated below:

"Borrower"	Section 1
"Event of Default"	Section 8
"Holder"	Section 1
"Loan Amount"	Section 1
"Mortgage Documents"	Section 6
"Note"	Section 2(a)
"Obligations"	Section 1
"Payment Office"	Section 1

3. **Maturity Date**. This Note shall mature on the Maturity Date.

4. **Scheduled Payments of Principal, Interest and Default Interest**.

(a) Borrower agrees to repay the outstanding principal amount evidenced by this Note on the Maturity Date.

(b) The unpaid principal amount of this Note shall accrue interest, as of the date hereof, at the Applicable Rate, shall be payable on the Maturity Date, and shall be paid in cash.

(c) Interest shall be calculated on the basis of a 360-day year based on the actual number of days during the period for which such interest is payable. If any payment on this Note becomes due and payable on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day. Payments of principal and interest on this Note shall be made to Holder at the Payment Office. Upon repayment in full of the loans, interest and other Obligations evidenced by this Note, the Borrower may require Holder to surrender this Note.

(d) Each payment made hereunder will be applied, first, to the payment of any indemnified costs payable under Section 10(d) of this Note, then to the payment of accrued and unpaid interest, and the balance, if any, to the unpaid principal balance of this Note and any other Obligations evidenced hereby.

(e) To the extent permitted by law, upon the occurrence and during the continuance of an Event of Default, the principal amount of this Note shall bear interest from the date such Event of Default occurred until cured or waived, at the rate per annum equal to the Applicable Rate plus 5% per annum. Any interest accruing pursuant to this paragraph (e) shall be payable on demand.

5. **Prepayments**. This Note may be prepaid in whole or in part, at any time or from time to time, without any penalty or premium, provided, that such prepayment shall be accompanied by accrued and unpaid interest on that portion of the Note being prepaid to the date of prepayment. Upon prepayment of part of the principal amount of this Note, the Borrower may require Holder to present this Note for notation on Schedule 2 hereto of such adjustment and payment.

6. **Collateral**. The Obligations of Borrower under this Note shall be secured by a personal guarantee of _________, the President and the largest shareholder of the Borrower. The extension of the additional Loan Amount of $350,000 is subject to the provision of additional security of the Obligations through mortgages pursuant to mortgage documentation, reasonably acceptable to Holder, on the two condominiums owned by ____, located in Whistler, British Columbia, Canada (the "Mortgage Documents"). The guarantee of and the mortgages for the Obligations of the Borrower under this Note is being provided as an accommodation to Holder to extend the Loan Amount, which the Holder would not otherwise make to the Borrower.

7. **Covenants.** The Borrower hereby covenants and agrees with the Holder that that so long as the Obligations (other than contingent indemnification obligations as to which no claim has been asserted) under this Note remain outstanding, that Borrower not shall, without the prior written consent of Holder, sell, assign, transfer, encumber or otherwise dispose of all or any portion of the Borrower's rights, title and interest in the Borrower or in its Business, except for (a) disposal of damaged, obsolete or worn out equipment, in each case in the ordinary course of the Borrower's Business, (b) the sale or licensing of other intellectual property of the Borrower on an arms-length basis and in the ordinary course of the Borrower's Business, and (c) investment securities of or rights in the Borrower or its Business sold or issued by the Company to __________.

8. **Events of Default**. It shall constitute an event of default ("**Event of Default**") of this Note if any one or more of the following shall occur for any reason:

(a) any failure to pay principal and interest on this Note pursuant to Section 3, Section 4 (including any default interest as prescribed by Section 4(e)) or Section 5 after the same shall become due (whether by scheduled maturity, acceleration, demand or otherwise); or

(b) any representation or warranty made or deemed made by or on behalf of either Borrower under or in connection with this Note or in the Mortgage Documents shall have been incorrect in any respect when made or deemed made;

(c) The Borrower shall fail to perform or observe any term, covenant (including without limitation, any covenant under Section 7 of this Note) or agreement contained in this Note or the Mortgage Documents;

(d) The Borrower or _____ shall (i) become insolvent or shall fail generally to pay its debts as they mature or shall apply for, shall consent to, or shall acquiesce in the appointment of a custodian, trustee or receiver for itself or for a substantial part of his property or assets; or, in the absence of such application, consent or acquiescence, a custodian, trustee or receiver shall be appointed for any Borrower or for a substantial part of any Borrower's property or assets, or any Borrower shall make an assignment for the benefit of creditors; or (ii) be the subject of any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency act or law, state, federal or foreign, now or hereafter existing, whether voluntary or involuntary, which shall not have been dismissed within 60 days or an order for relief shall have been entered against such Borrower; or

(e) Any Mortgage Document entered into in conjunction with the Loan shall at any time after its execution and delivery and for any reason cease: (1) to create a valid and perfected security interest in and to the property purported to be subject to such Mortgage Document with a priority as required by this Note; or (2) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by Borrower or ______, or Borrower or ___________, as applicable, shall deny it/he has any further liability or obligation under any Mortgage Document, or Borrower or ___ shall fail to perform any of Borrower's or ____ obligations under any Mortgage Document;

(f) The occurrence of any event that could reasonably be expected to have a material adverse effect on the Borrower or ________ in respect of any of the obligations of this Note or under the guarantee or Mortgage Documents and the security interest provided thereby.

9. **Remedies**. Upon the occurrence and during the continuance of an Event of Default, Holder shall have the right to, without notice to or demand on the Borrower, to declare the outstanding principal and all accrued and unpaid interest hereunder immediately due and payable, provided, that, upon the occurrence of an Event of Default specified in Section 8(d), all amounts owing under this Note shall immediately become due and payable. In addition to the right of acceleration, upon the occurrence of an Event of Default, Holder shall have any and all of the rights and remedies available at law or in equity.

10. **Miscellaneous Provisions**.

(a) This Note may not be amended or modified, and revision hereto shall not be effective, except by an instrument in writing executed by the Borrower and Holder.

(b) Any notice or communication by the Borrower, on the one hand, or Holder on the other hand, to the other is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), or overnight air courier guaranteeing next day delivery, to the others' address set forth in Section 1 to this Note. Holder or the Borrower, by notice to the other party, may designate additional or different addresses for subsequent notices or communications. All notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three Business Days after being deposited in the mail, postage prepaid, if mailed; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

(c) Every provision of this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

(d) The Borrower shall jointly and severally pay to Holder, on demand, all costs of administration, enforcement and collection (including without limitation, any fees, disbursements and other charges of primary and special counsel to Holder) of this Note, whether or not any action or proceeding is brought to enforce the provisions hereof.

(e) No failure on the part of Holder to exercise, and no delay in exercising, any right, power, privilege or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof by Holder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy of Holder.

(f) Headings at the beginning of each numbered Section of this Note are intended solely for convenience of reference and are not to be deemed or construed to be a part of this Note.

(g) This Note may not be sold, transferred or otherwise hypothecated, in whole or in part by the Borrower. Any attempted sale, transfer or hypothecation of this Note in violation of this provision shall be null and void.

(h) The obligations of the Borrower, including the Obligations, under this Note shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of this Note is rescinded or must be otherwise restored by Holder, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Borrower agrees that it will indemnify Holder on demand for all reasonable costs and expenses (including, without limitation, reasonable fees of counsel) incurred by Holder in connection with any such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law. The provisions of this paragraph (h) shall survive the termination of this Note.

(i) THIS NOTE SHALL BE GOVERNED AND CONTROLLED AS TO VALIDITY, ENFORCEMENT, INTERPRETATION, CONSTRUCTION, EFFECT AND IN ALL OTHER RESPECTS, INCLUDING, BUT NOT LIMITED TO, THE LEGALITY OF THE INTEREST CHARGED HEREUNDER, BY THE STATUTES, LAWS AND DECISIONS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO SUCH STATE'S CONFLICTS OF LAWS PRINCIPLES.

The Borrower hereby irrevocably consents to the venue and jurisdiction of the federal and state courts located in New York with respect to any proceeding which may be brought in connection with the Note. The Borrower hereby expressly and irrevocably waives the right to a trial by jury in any action or proceeding arising out of this Note. The Borrower waives any and all rights under the laws of the State of New York to object to the jurisdiction of, or the commencement of any such claim, action or proceeding in, the State courts of the State of New York or the federal courts of the State of New York as hereinabove set forth.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first set forth above.

By:	______________________________
Name [Printed]:	______________________________
Title:	______________________________

Schedule 1

Principle Amount	Date of Extension of Credit	Aggregate Principle Amount Due	Notes
$150,000	August 11, 2016	$150,000	Loan extension
$3,500	August 11, 2016	$153,500	Expenses of first tranche – note, guarantee, corporate authorization

Schedule 2

Date of Payment	Principal Paid or Prepaid	Aggregate Principal Balance	Notation Made By

Exhibit 10.2

GUARANTEE

New York, New York Dated: ______ __, 2016

In order to induce Integrated Surgical Systems, Inc. (herein called "Maker") to make the loan evidenced by the Promissory Note, executed by _______, a Nevada corporation (the "Obligor") and dated as of an even date herewith (the "Note") or grant other financial accommodations to or for the account of (or in reliance on the credit of) the Obligor, the undersigned, ____ an [individual/corporation and a United States citizen] with a business address at _______, irrevocably, absolutely and unconditionally guarantees to Maker the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of Obligor now or hereafter existing under the Note, whether for principal, interest (including without limitation interest accruing after the filing of any petition in bankruptcy or suspension of payments or the commencement of any insolvency, reorganization, arrangement, adjustment or like proceeding, relating to Obligor, whether or not allowable as a claim), fees, expenses (including reasonable attorneys' fees and expenses), indemnities or otherwise (such obligations being the "Guaranteed Obligations"). Without limiting the generality of the foregoing, the liability of the undersigned shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by Obligor to the Maker under the Note but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Obligor.

The undersigned guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Note, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the undersigned with respect thereto. The obligations of the undersigned hereunder are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against the undersigned to enforce this Agreement, irrespective of whether any action is brought against Obligor or whether Obligor is joined in any such action or actions. The liability of the undersigned under this Agreement shall be absolute and unconditional irrespective of, and the undersigned hereby irrevocably waives any right that it now or hereinafter may have to assert as a defense, any of the following: (i) any lack of validity or enforceability of the Note or any agreement or instrument relating thereto; (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from the Note; (iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Guaranteed Obligations; (iv) any manner of application of collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations or any other assets of Obligor; (v) any change, restructuring or termination of the limited liability corporate existence of Obligor; or (vi) any other circumstance (including, without limitation, any statute of limitations) that might otherwise constitute a defense available to, or a discharge of, Obligor or the undersigned.

This guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the undersigned upon the insolvency, bankruptcy or reorganization of Obligor or otherwise, all as though such payment had not been made.

The rights of the Maker hereunder shall not be conditioned or contingent upon the pursuit by the Maker of any right or remedy against the Obligor or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security therefor, guarantee therefor or right of offset with respect thereto. The Maker shall not be liable for any failure to demand, collect or realize upon all or any part of any collateral or for any delay in doing so, nor shall the Maker be under any obligation to sell or otherwise dispose of any collateral upon the request of the undersigned or any other person or to take any other action whatsoever with regard to any collateral or any part thereof.

The undersigned waives notice of acceptance of this guarantee and notice of any liability to which it may apply, and waives presentment, demand for payment, protest, notice of dishonor or nonpayment of any Guaranteed Obligations, or suit or taking other action by Maker against, and any other notice to, any party liable thereon (including the undersigned) and waives any defense, offset or counterclaim to any liability hereunder. Maker may at any time and from time to time (whether or not after revocation or termination of this guarantee) without the consent of, or notice to, the undersigned, without incurring responsibility to the undersigned, without impairing or releasing the obligations of the undersigned hereunder, upon or without any terms or conditions and in whole or in part: (1) change the manner, place or terms of payment, and/or change or extend the time of payment of, renew or alter, any Guaranteed Obligation, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guarantee herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered; (2) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the liabilities hereby guaranteed or any liabilities (including any of those hereunder or under any other guarantee of the Guaranteed Obligations) incurred directly or indirectly in respect thereof or hereof, and/or offset there against; (3) exercise or refrain from exercising any rights against the Obligor or others (including the undersigned or under any other guarantee of the Guaranteed Obligations) or otherwise act or refrain from acting; (4) settle or compromise any Guaranteed Obligation, any security therefor or any liability (including any of those hereunder or under any other guarantor of the Guaranteed Obligations) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Obligor to creditors of the Obligor other than Maker and the undersigned: and (5) apply any sums by whomsoever paid or howsoever realized to any Guaranteed Obligation to Maker regardless of what liability or liabilities of the Obligor remain unpaid.

No invalidity, irregularity or unenforceability of all or any part of the liabilities hereby guaranteed or of any security therefor or of any other guarantee of the Guaranteed Obligations shall affect, impair or be a defense to this guarantee. The liability of the undersigned hereunder is primary, absolute and unconditional and shall not be subject to any offset, defense or counterclaim of the Obligor. This guarantee is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. This guarantee shall continue until the death of such undersigned or the discharge in full of the Guaranteed Obligations.

Upon the happening of any of the following events: (i) the death of the undersigned or the dissolution or insolvency of the Obligor, or (ii) suspension of business of the Obligor or of any other guarantor of the Guaranteed Obligations, or (iii) the issuance of any warrant of attachment against any of the property of the Obligor or of the undersigned or of any other guarantor of the Guaranteed Obligations, or (iv) the making by the Obligor or by the undersigned or by any other guarantor of the Guaranteed Obligations of any assignment for the benefit of creditors, or (v) a trustee, receiver or custodian being appointed for the Obligor or for the undersigned or for any other guarantor of the Guaranteed Obligations or for any property of any of them, or (vi) any proceeding being commenced by or against the Obligor or the undersigned or any other guarantor of the Guaranteed Obligations under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, receivership, liquidation or dissolution law or statute, in each of the foregoing cases, as applicable, Maker may, without notice to the Obligor or the undersigned or of any other guarantor of the Guaranteed Obligations, make the Guaranteed Obligations, whether or not then due, immediately due and payable hereunder as to the undersigned or of any other guarantor of the Guaranteed Obligations, and Maker shall be entitled to enforce the obligations of the undersigned hereunder. All sums of money at any time to the credit of the undersigned with Maker and any of the property of the undersigned at any time in the possession of Maker may be held by Maker as security for any and all obligations of the undersigned hereunder, notwithstanding that any of said money or property may have been deposited, pledged or delivered by the undersigned for any other, different or specific purpose. Any and all claims of any nature which the undersigned may now or hereafter have against the Obligor are hereby subordinated to the full payment to Maker of the Guaranteed Obligations and are hereby assigned to Maker as additional collateral security therefor.

In the event Maker takes any action, including retaining attorneys, for the purpose of effecting collection of the Guaranteed Obligations or of any liabilities of the undersigned hereunder, or protecting any of Maker's rights hereunder, the undersigned shall pay all reasonable costs and expenses of every kind for protection of the rights of Maker or for collection of the Guaranteed Obligations or such liabilities, including reasonable attorneys' fees.

If claim is ever made upon Maker for repayment or recovery of any amount or amounts received by Maker in payment or on account of any of the Guaranteed Obligations and Maker repays all or part of said amount to any party by reason of (a) any judgment, decree or order of any Court or administrative body having jurisdiction over Maker or any of its property, or (b) any settlement or compromise of any such claim effected by Maker with any such claimant (including the Obligor), then and in such event the undersigned agrees that any such judgment, decree, order, settlement or compromise shall be binding upon the undersigned, notwithstanding any prior revocation or release hereof or the prior cancellation of any note or other instrument evidencing any of the Guaranteed Obligations, or any prior release of any such liability of the Obligor, and the undersigned shall be and remain liable to Maker hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by Maker. The provisions of this paragraph shall survive, and continue in effect, notwithstanding any revocation or release hereof, unless such revocation or release shall specifically refer to this paragraph.

No delay on the part of Maker in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this guarantee, shall be deemed to be made by Maker unless the same shall be in writing, duly signed on behalf of Maker, and each such waiver, if any, shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Maker or the obligations of the undersigned to Maker in any other respect or at any other time. The undersigned shall have no right (whether by contract or by operation of law) of subrogation, restitution, indemnification, reimbursement or any other or similar rights of a surety against the Obligor or any of its assets or property or any security held for any liabilities of the Obligor, and all such rights are hereby expressly waived. This guarantee and the rights and obligations of Maker and of the undersigned hereunder shall be governed and construed in accordance with the laws (other than the conflict of law rules) of the State of New York; and this guarantee is binding upon the undersigned, his, her, their or its executors, administrators, successors or assigns, and shall inure to the benefit of Maker, its successors or assigns. THE UNDERSIGNED AGREES AND DOES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT AGAINST THE UNDERSIGNED ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS GUARANTEE, AND THE UNDERSIGNED HEREBY CONSENTS TO THE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK FOR A DETERMINATION OF ANY DISPUTE AS TO ANY SUCH MATTERS AND AUTHORIZES THE SERVICE OF PROCESS ON THE UNDERSIGNED BY REGISTERED MAIL SENT TO THE UNDERSIGNED AT THE ADDRESS OF THE UNDERSIGNED HEREINBELOW SET FORTH.

Any acknowledgement, new promise, payment of principal or interest or other act by the Obligor and others, with respect to the Guaranteed Obligations, shall be deemed to be made as agent of the undersigned for the purposes hereof, and shall, if the statute of limitations in favor of the undersigned against Maker shall have commenced to run, toll the running of such statute of limitations, and if such statute of limitations shall have expired, prevent the operation of such statute.

The undersigned shall be jointly and severally liable with the Obligor and any other guarantor of the Guaranteed Obligations. Notwithstanding that this guarantee may indicate that more than one Person (as defined in the Financing Agreement) is to execute this guarantee, any person signing this guarantee agrees to be bound hereby, whether or not any other Person signs this guarantee or any other guarantee of the Guaranteed Obligations at any time.

X ____________________________________

STATE OF	____________________	)	
		)	ss:
COUNTY OF	____________________	)	

On the ____ day of ________, 2016, before me, the undersigned, a Notary Public in and for the state of _________________, personally appeared, __________________, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

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Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher A. Marlett, Chief Executive Officer of Integrated Surgical Systems, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 of Integrated Surgical Systems, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and

   (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 15, 2016

By: /s/ Christopher A. Marlett
Christopher A. Marlett
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gary A. Schuman, Chief Financial Officer of Integrated Surgical Systems, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 of Integrated Surgical Systems, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and

   (d) Disclosed in this Quarterly Report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: August 15, 2016

By: /s/ Gary A. Schuman
Gary A. Schuman
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher A. Marlett, Chief Executive Officer of Integrated Surgical Systems, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2016, which this certification accompanies (the "Periodic Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 15, 2016

/s/ Christopher A. Marlett
Christopher A. Marlett
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. This written statement accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission, and will not be incorporated by reference into any filing of Integrated Surgical Systems, Inc. under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Gary A. Schuman, Chief Financial Officer of Integrated Surgical Systems, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2016, which this certification accompanies (the "Periodic Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 15, 2016

/s/ Gary A. Schuman
Gary A. Schuman
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. This written statement accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission, and will not be incorporated by reference into any filing of Integrated Surgical Systems, Inc. under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language contained in such filing.