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 March 31, 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	**68-0232575**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2425 Cedar Springs Road **Dallas, Texas**	**75201**
(Address of principal executive offices)	(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 May 10, 2016, the Registrant had 9,424,909 shares of common stock outstanding.

Integrated Surgical Systems, Inc.

Form 10-Q
For the three months ended March 31, 2016

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Part I. Financial Information

Item 1. Condensed Financial Statements

Integrated Surgical Systems, Inc.
Condensed Balance Sheets

	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 678,807	$ 545,705
Investments in available-for-sale securities	1,622,156	1,776,185
Other current assets	20,918	29,928
Total current assets	2,321,881	2,351,818
Total Assets	$ 2,321,881	$ 2,351,818
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 23,674	$ 9,631
Conversion feature liability	85,671	76,343
Total current liabilities	109,345	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; 9,366,315 and 9,282,981 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	93,663	92,829
Common stock to be issued	9,375	12,500
Additional paid-in capital	64,525,843	64,514,177
Accumulated deficit	(62,600,617)	(62,527,454)
Accumulated other comprehensive income	15,776	5,296
Total stockholders' equity	2,044,040	2,097,348
Total liabilities and stockholders' equity	$ 2,321,881	$ 2,351,818

See accompanying notes to condensed financial statements

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

	Three Months ended March 31,	
	2016	2015
Operating Expenses		
General and administrative expenses	$ 68,013	$ 73,706
Loss from operations	(68,013)	(73,706)
Other income (expense)		
Interest and dividend income, net	4,365	10,934
Change in fair value of conversion feature	(9,328)	2,061
Realized gain (loss) on available-for-sale securities	613	(72)
Total other income (loss)	(4,350)	12,923
Loss before income taxes	(72,363)	(60,783)
Income taxes	(800)	-
Net loss	$ (73,163)	$ (60,783)
Other comprehensive income (loss)		
Unrealized gain on available-for-sale securities before reclassification, net of tax	8,925	3,354
Reclassification adjustment for losses (gains), net of tax	1,555	(2,500)
Other comprehensive income	10,480	854
Comprehensive loss	$ (62,683)	$ (59,929)
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	9,356,242	9,025,572
Diluted	9,356,242	9,025,572

See accompanying notes to condensed financial statements

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

	Three Months ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	$ (73,163)	$ (60,783)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of conversion feature	9,328	(2,061)
Stock based compensation	9,375	12,500
Realized losses (gains) on available-for-sale securities	(613)	72
Changes in operating assets and liabilities:		
Other current assets	9,010	10,057
Accounts payable and accrued liabilities	14,043	18,259
Net cash used in operating activities	(32,020)	(21,956)
Cash flows from investing activities:		
Purchases of available for sale securities	-	(151,500)
Proceeds received from maturities of available-for-sale securities	165,122	401,604
Net cash provided by investing activities	165,122	250,104
Net increase in cash and cash equivalents	133,102	228,148
Cash and cash equivalents at beginning of period	545,705	542,215
Cash and cash equivalents at end of period	$ 678,807	$ 770,363
Supplemental cash flow disclosure:		
Supplemental non-cash disclosure:		
Unrealized gain on available-for-sale securities	$ 10,480	$ 854

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	83,334	834	(83,334)	(12,500)	11,666	-	-	-
Common stock to be issued	-	-	58,594	9,375	-	-	-	9,375
Comprehensive income (loss)								
Net loss	-	-	-	-	-	-	(73,163)	(73,163)
Other Comprehensive income								
Net unrealized gain on investment in securities	-	-	-		-	10,480	-	10,480
Comprehensive income (loss)	-	-	-		-	10,480	(73,163)	(62,683)
Balance at March 31, 2016	9,366,315	$ 93,663	58,594	$ 9,375	$ 64,525,843	$ 15,776	$ (62,600,617)	$ 2,044,040

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 March 31, 2016, the results of operations and cash flows for the three 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 $73,000 at March 31, 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 $606,000 at March 31, 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 market observable 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 in accordance with ASC 740, " *Income Taxes* ," 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 three months ended March 31, 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 three months ended March 31, 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 March 31, 2016 (unaudited):

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. federal agency securities	$ 4,852	$ 76	$ -	$ 4,928
Municipal securities	435,190	1,762	(176)	436,776
Certificates of deposit	1,149,290	24,693	(10,786)	1,163,197
Corporate debt securities	17,048	207	-	17,255
	$ 1,606,380	$ 26,738	$ (10,962)	$ 1,622,156

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 March 31, 2016 (unaudited), are as follows:

	Cost	Fair Value
Due within one year	$ 991,149	$ 1,011,701
Due after one year through three years	415,361	408,358
Due after three years	199,870	202,097
	$ 1,606,380	$ 1,622,156

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 March 31, 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 three months ended March 31, 2016 and the year ended December 31, 2015, no shares of Series G were converted into shares of common stock. At March 31, 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 $85,671 as of March 31, 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:

	March 31, 2016 (unaudited)
Expected remaining life of the redemption in years	1.0
Risk free interest rate	0.59%
Expected annual volatility	99.01%
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
Increase of fair value		9,328
Ending balance as of March 31, 2016 (unaudited)	$	85,671

6. Stock-based compensation

For the three months ended March 31, 2016, the Company had no activity related to stock options. As of March 31, 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	3.13	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 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 for the three months ended March 31, 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).

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 $1,622,156, that include short-term federal securities of $4,928, and certificates of deposit, municipal securities and corporate debt securities totaling $1,617,228 at March 31, 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 $9,000 for the three months ended March 31, 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 $3,125 for his services as director for the three months ended March 31, 2016 (unaudited).

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.

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 March 31, 2016, the Company had no employees, and the Company relies on outside contractors to perform basic and necessary services.

Results of Operations

Three months Ended March 31, 2016 and 2015

For the three months ended March 31, 2016 and 2015, the Company had a net loss of $73,163 and $60,783, 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 $68,013 and $73,706 for the three months ended March 31, 2016 and 2015, respectively. The decrease in administrative expenses is due primarily to the decrease of approximately $6,300 of director compensation expense, offset by an increase in legal fees of approximately $1,200 compared to the same period in 2015. The Company had a realized gain in available-for-sale securities for the three months ended March 31, 2016 of approximately $600, and a realized loss for the three months ended March 31, 2015 of approximately $100. Net interest income decreased by approximately $6,600 in the three months ended March 31, 2016 compared to the three months ended March 31, 2015. Change in fair value of conversion feature was an increase of approximately $9,300 for the three months ended March 31, 2016, due to the change in fair value of the conversion feature of the Company's convertible preferred stock; the change in value was a decrease of approximately $2,100 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 three months ended March 31, 2016 was approximately $32,000, which primarily consisted of an operating loss of approximately $73,200, an increase in other current assets of approximately $9,000, an increase in accounts payable of approximately $14,000, and adjustments for non-cash expenses consisting of stock-based compensation of $9,400, and a realized gain of approximately $600 on available for sale securities, and a change in the conversion feature liability of approximately $9,300 related to the Company's Series G Convertible Preferred Stock.

Cash provided by investing activities for the nine months ended March 31, 2016 of approximately $165,000 was due to the maturity or sale of available-for-sale securities.

Cash used in operating activities for the three months ended March 31, 2015 was approximately $22,000, which primarily consisted of an operating loss of approximately $61,000, an increase in other current assets of approximately $10,100, an increase in accounts payable of approximately $18,300, and adjustments for non-cash expenses consisting of stock-based compensation of approximately $12,500, offset by a change in the conversion feature liability of $2,100 related to the Company's Series G Convertible Preferred Stock.

Cash provided by investing activities for the three months ended March 31, 2015 of approximately $250,000 was from the maturity or sale of available-for-sale securities of approximately $402,000, offset by the purchase of available-for-sale securities of approximately $152,000.

Critical Accounting Policies and Estimates

There have been no significant changes during the three months ended March 31, 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 March 31, 2016, the Company held approximately $679,000 in money market and checking accounts at two institutions. The Company has a checking account at one institution with a balance of approximately $73,000 at March 31, 2016. The funds in this account are fully insured by the Federal Deposit Insurance Corporation ("FDIC") as of March 31, 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 $606,000 at March 31, 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 March 31, 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 is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. 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.

Our management assessed the effectiveness of our internal control over financial reporting as of March 31, 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 March 31, 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 March 31, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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)
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)

(2) Incorporated by reference to Form 10-Q filed on May 16, 2011

* 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: May 16, 2016

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 March 31, 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: May 16, 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 March 31, 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: May 16, 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 March 31, 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: May 16, 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 March 31, 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: May 16, 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.