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

FORM 10-K

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

For the fiscal year ended December 31, 2013

o 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.)
401 Wilshire Blvd., Suite 401 **Santa Monica, California**	**90401**
(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 o 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 o 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 o

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 o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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 o	Accelerated filer o
Non-accelerated filer o (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 o

The aggregate market value of the Common Stock held by non-affiliates of the registrant on June 30, 2013 was $562,069. This calculation is based upon the price of the Common Stock of the Registrant (as quoted on the Pink Sheets) of $0.16 per share on that date.

As of March 20, 2014, the Registrant had 8,728,543 shares of common stock outstanding.

Integrated Surgical Systems, Inc.

Form 10-K
For the fiscal year ended December 31, 2013

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Cautionary Statement Regarding Forward-Looking Information

This report by Integrated Surgical Systems, Inc. (the "Company") contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements relate to future events or future performance and include, without limitation, statements concerning the Company's business strategy, future revenues, market growth, capital requirements, product introductions and expansion plans and the adequacy of the Company's funding. Other statements contained in this Report that are not historical facts are also forward-looking statements. The Company has tried, wherever possible, to identify forward-looking statements by terminology such as "may," "will," "could," "should," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and other comparable terminology.

The Company cautions investors that any forward-looking statements presented in this report, or that the Company may make orally or in writing from time to time, are based on the beliefs of, assumptions made by, and information currently available to, the Company. Such statements are based on assumptions, and the actual outcome will be affected by known and unknown risks, trends, uncertainties and factors that are beyond the Company's control or ability to predict. Although the Company believes that its assumptions are reasonable, they are not guarantees of future performance, and some will inevitably prove to be incorrect. As a result, the Company's actual future results can be expected to differ from its expectations, and those differences may be material. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends. Certain risks are discussed in this Report and also from time to time in the Company's filings with the Securities and Exchange Commission (the "SEC").

This report and all subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. The Company does not undertake any obligation to release publicly any revisions to its forward-looking statements to reflect events or circumstances after the date of this Report.

Part I

Item 1. Business

The Company was incorporated in Delaware in 1990 and 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 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 has managed its financial assets to preserve capital on a conservative basis and not for investment return, so as not to be considered an investment company under the Investment Company Act of 1940. The Company's current operations are limited to raising additional funds to be used to maintain the Company's public company status and to complete a business combination or strategic alliance, if suitable candidate(s) are identified. To that end, since 2007, the Company has reviewed a number of business combination opportunities; however, none of these opportunities fit within the Company criteria or moved beyond preliminary review stages. The Company continues to evaluate business combination opportunities, and from time to time, it has considered various transactions that have come to the attention of the board of directors through its members.

On April 20, 2011, the Company purchased 363,636 shares of common stock of ClearSign Combustion Corporation, a privately-held Washington corporation ("ClearSign"), for an aggregate purchase price of $1,000,000, or $2.75 per share, in connection with ClearSign's private offering of up to $3,000,000 of its common stock (the "ClearSign Offering"). Due to a 1.25-for-one stock split, which occurred subsequent to the purchase, the holdings of the Company were increased to 454,545 shares of common stock of ClearSign. ClearSign is an early-stage clean energy company focused on developing technology to increase energy efficiency in most types of industrial combustion systems. ClearSign filed a registration statement on Form S-1 (as amended) for the initial public offering of its common stock that was declared effective April 24, 2012. On April 25, 2012, ClearSign Combustion Corporation ("ClearSign") completed an initial public offering selling 3,000,000 shares of its common stock at $4.00 per share, and trading under symbol CLIR on the NASDAQ. The shares of common stock of ClearSign previously acquired in a private placement by the Company were registered as part of the offering for distribution.

On April 24, 2012, the Company's board of directors declared a dividend to the stockholders of the Company, of an aggregate of 450,000 shares of common stock of ClearSign. The dividend was at the rate of 0.05513475 shares of ClearSign for each share of common stock of the Company, which equates to one share of common stock of ClearSign for approximately 18.137 shares of the Company's common stock. The record date of the dividend was May 9, 2012, and the payment date of the dividend was May 23, 2012.

As of December 31, 2013, the Company had no employees, and the Company relies on outside contractors to perform basic and necessary services.

Item 1A. Risk Factors

Not Applicable.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 2. Properties

The Company did not during 2013, and does not currently, own or lease any properties.

Item 3. Legal Proceedings

From time to time, the Company may be subject to 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 4. Mine Safety Disclosure

Not applicable.

Part II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

The Company's common stock is traded on the Pink Sheets, under the trading symbol "ISSM". The following table sets forth the high and low bid prices for each quarterly period in the past two fiscal years, as reported by the NASDAQ on-line web site www.NASDAQ.com for shares of the Company's common stock for the periods indicated. Such prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Common Stock (ISSM)	
2013	High	Low
First Quarter	$ 0.25	$ 0.17
Second Quarter	$ 0.20	$ 0.14
Third Quarter	$ 0.20	$ 0.12
Fourth Quarter	$ 0.18	$ 0.14
2012		
First Quarter	$ 0.300	$ 0.200
Second Quarter	$ 0.720	$ 0.160
Third Quarter	$ 0.210	$ 0.150
Fourth Quarter	$ 0.200	$ 0.160

Holders

As of March 20, 2014, there were approximately 81 holders of record of the common stock.

Dividends

The Company has never paid cash dividends on its common stock, and its present policy is to retain any future earnings in the Company. See "Item 1, Business" and Note 5 to the accompanying financial statements for a discussion of the dividend of shares of common stock of ClearSign.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2013 with respect to the Company's compensation plans (including individual compensation arrangements).

EQUITY COMPENSATION INFORMATION TABLE

Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation not approved by security holders	30,000(1)	$ 0.63	-0-
Total	30,000	$ 0.63	-0-

(1) Consists of: (i) 30,000 warrants issued to consultants, which expire in July 2014 and have an exercise price of $0.63 per share.

Recent sales of unregistered securities

On January 17, 2013, the Company issued 31,250 shares of common stock to each of two directors, and 15,626 shares of common stock to another director, as compensation for the three months ended September 30, 2012. These shares, totaling 78,126, were valued at a per share price of $0.20, or a total of $15,625.

On April 12, 2013, the Company issued 34,722 shares of common stock to each of two directors, and 17,362 shares of common stock to another director, as compensation for the three months ended March 31, 2013. These shares, totaling 86,806, were valued at a per share price of $0.18, or a total of $15,625.

On July 15, 2013, the Company issued 39,063 shares of common stock to each of two directors as compensation for the three months ended June 30, 2013. These shares, totaling 78,126, were valued at a per share price of $0.16, or a total of $12,500.

On October 11, 2013, the Company issued 44,643 shares of common stock to each of two directors as compensation for the three months ended September 30, 2013. These shares, totaling 89,286, were valued at a per share price of $0.14, or a total of $12,500.

On January 9, 2014, the Company issued 39,063 shares of common stock to each of two directors as compensation for the three months ended December 31, 2013. These shares, totaling 78,126, were valued at a per share price of $0.16, or a total of $12,500.

All of the shares issued as described above were issued in reliance on the exemption under Section 4(2) of the Securities Act, as the issuance of these shares by the Company did not involve a public offering. The issuance of shares was not done in a “public offering” as defined in Section 4(2) because of the small number of persons involved in the issuance, the size of the issuance, the manner of the issuance, the number of shares issued, and the recipients are officers and/or directors of the Company. In addition, the directors had the necessary investment intent required by Section 4(2) since they agreed to receive share certificates bearing legends stating that the shares are restricted shares.

Penny Stock

On March 20, 2014, there were 8,728,543 shares of the Company's common stock outstanding, as quoted on the Pink Sheets at $0.17 a share, giving the Company a market capitalization of approximately $1.48 million. The SEC defines securities such as our common stock that are traded at less than $5.00 and not traded on a national securities exchange "penny stocks". SEC rules require brokers to provide specified information to purchasers of penny stocks, and these disclosure requirements and the requirement that brokers must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction in advance may have the effect of reducing trading activity in the Company's common stock and making it more difficult for investors to sell the shares of the Company's stock.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Company's financial statements, including the notes thereto, appearing elsewhere in this report. This discussion may contain certain forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and timing of certain events may differ significantly from those projected in such forward-looking statements due to a number of factors, including those set forth elsewhere in this Report.

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 of substantially all of its assets, the Company became inactive, and it is no longer engaged in any business activities related to its former business described above. The Company has managed its financial assets to preserve capital on a conservative basis and not for investment return. The Company's current operations are limited to raising additional funds to be used to maintain the Company's public company status and to complete a business combination, an equity investment or a strategic alliance, if suitable candidate(s) are identified.

Results of Operations for 2013 Compared to 2012

For 2013, total net loss was approximately $177,000, or $0.02 loss per basic and diluted share. Total net gain for 2012 was approximately $568,000, or $0.07 gain per basic and $0.06 gain per diluted share.

Operations

For 2013, the Company had a net loss of $177,000, which was $745,000 less than the net income of $568,000 for 2012. The net gain in 2012 was due to the recognition of a non-cash gain on the Company's equity holdings of ClearSign Combustion in conjunction with the in-kind dividend to the Company's shareholders, offset by $30,000 of realized long-term losses on available-for-sale securities. Operating expenses for 2013 were $260,000, compared to $251,000 for 2012. For 2013 the Company recognized a reduction of liability of $33,000 associated with the Company's Series G Convertible Preferred Stock, versus an increase of liability of $28,000 in 2012. The Company has no employees, so it relies on outside contractors to perform basic and necessary services. Net interest income decreased approximately $23,000 from 2012 to 2013.

Liquidity

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 to 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 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.

At December 31, 2013 and December 31, 2012, the Company's "quick ratio" (which is defined as cash, plus accounts receivable, plus short-term investments all divided by current liabilities), a liquidity measure designed to predict the Company's ability to pay bills, was 27.98 and 22.31, respectively. The increase in the "quick ratio" ratio at December 31, 2013 from December 31, 2012 was due to a decrease in current liabilities, which consisted primarily of the conversion feature liability associated with the Series G Convertible Preferred Stock. The Company's "current ratio" (current assets divided by current liabilities) was 28.21 and 22.44 at December 31, 2013 and December 31, 2012, respectively.

The Company had total current assets, consisting mostly of cash and investments of $2,658,312 and current liabilities of $94,237 at December 31, 2013. Operating expenses were $260,903 and other income was $84,444, as of the same date. The Company believes that it has adequate financial resources to meet its current obligations for the next 12 months.

Cash used in operating activities for 2013 was approximately $144,000, which primarily consisted of an operating loss of approximately $177,000, offset by stock-based compensation of $56,000, realized loss on available-for-sale securities of $9,000, accounts payable and accrued liabilities of $15,000, and the conversion feature liability of $33,000 related to its Series G Convertible Preferred Stock. Cash used in operating activities for 2012 was approximately $142,000, which primarily consisted of an operating gain of approximately $568,000, offset by a gain in the Company's equity holding of Clear Sign Combustion Corp of $812,000 stock-based compensation of $63,000, realized loss on available-for-sale securities of $30,000, and the conversion feature liability of $28,000 related to its Series G Convertible Preferred Stock.

Cash provided by investing activities for 2013 of approximately $129,000 was from the maturity or sale of available-for-sale securities of approximately $2,001,000, offset by the purchase of available-for-sale securities of approximately $1,872,000. Cash used in investing activities for 2012 of approximately $167,000 was from the maturity or sale of available-for-sale securities of approximately $3,300,000, offset by the purchase of available-for-sale securities of approximately $3,467,000.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of the financial condition and results of operations is based upon the Company's audited financial statements included elsewhere in this Report, which have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The Company believes the following critical accounting policies affect the Company's more significant judgments and estimates used in the preparation of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

The Company has discussed its critical accounting policies with the Board of Directors.

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, which are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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.

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 and the date of commitment for non-employee options, an expected dividend yield of zero, the expected life of the warrants or options and the expected volatility of the Company's common stock. The Company expects the options to fully vest and the forfeiture rate to be zero.

Stock-based costs for equity awards with future service periods are recognized as the equity awards vest over their service period.

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 and investment in available-for-sale securities at fair value. The Company's cash and investments in available-for-sale securities are classified within Level 1 by using quoted market prices.

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

Estimates

The preparation of financial statements in conformity with GAAP 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 during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2011-04, "Fair Value Measurement" (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements and includes the following provisions: application of the concepts of highest and best use and valuation premise, introduction of an option to measure groups of offsetting assets and liabilities on a net basis, incorporation of certain premiums and discounts in fair value measurements, and the measurement of fair value of certain instruments classified in shareholders' equity. In addition, the amended guidance includes several new fair value disclosure requirements, including, among other things, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of Level 3 measurements' sensitivity to changes in unobservable inputs. The guidance became effective for the reporting period beginning January 1, 2012. The adoption of this guidance did not have a material impact on the Company's financial statements.

In June 2011, the FASB issued Accounting Standards Update 2011-05, "Comprehensive Income" (Topic 220): Presentation of Comprehensive Income. This amended guidance eliminates the option for reporting entities to present components of other comprehensive income in the statement of stockholders' equity. Instead, this amended guidance now requires reporting entities to present all non-owner changes in stockholders' equity either as a single continuous statement of comprehensive income or as two separate but consecutive statements. The guidance became effective for the reporting period beginning January 1, 2012. The adoption of this guidance did not have a material impact on the Company's financial statements.

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.

Item 7A. 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 that 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 December 31, 2013, the Company held approximately $100,000 in money market and checking accounts at two institutions. The Company has a checking account at one institution with a balance of approximately $40,000 at December 31, 2013. The funds in this account are fully insured by the Federal Deposit Insurance Corporation ("FDIC") as of December 31, 2013. 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 $60,000 at December 31, 2013. Assets in this brokerage account are protected by the Securities Investor Protection Corporation ("SIPC") up to $500,000. The Company had no uninsured cash and cash equivalents at December 31, 2013.

Item 8. Financial Statements and Supplementary Data

The information that appears following Item 15 of this Report is incorporated herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On January 10, 2012, the Company engaged Gumbiner Savett Inc. (“Gumbiner”) as the Company’s new independent registered public accounting firm for the fiscal year ending December 31, 2011. During the Company’s past two fiscal years, neither the Company nor any significant subsidiary has consulted with Gumbiner regarding any of the matters referenced in Item 304(a)(2) of Regulation S-K.

On January 11, 2012, the Company dismissed SingerLewak LLP (“SL”) as its independent registered public accounting firm. The decision to change accountants was approved by the Company’s board of directors.

No report on the financial statements prepared by SL contained any adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope, or accounting principles.

During the time SL served as the Company’s principal accountant, there were no disagreements with SL on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of SL, would have caused SL to make reference to the subject matter of such disagreements in connection with its reports on the Company during such periods. None of the events as specified in Item 304(a)(1)(v) of Regulation S-K occurred during the period that SL served as the Company’s principal accountant.

Item 9A. 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 December 31, 2012 (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 December 31, 2013. 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 December 31, 2013. 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, we will engage an internal accounting staff to assist with financial reporting.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of our fiscal year ended December 31, 2013, 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.

Item 9B. Other Information

None

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The following is a listing of the current officers and directors of the Company:

Name	Age at 3/20/2014	Current Position with the Company	Period
Peter B. Mills	58	Director	Sep 2006 – Present
Michael J. Tomczak	59	Director	Sep 2006 – Present
Christopher A. Marlett	49	Director, Chief Executive Officer	Apr 2008 – Present
Robert M. Levande	64	Director Secretary	Apr 2008 – Present Jul 2008 – Present
Gary Schuman	46	Chief Financial Officer	Jan 2010 – Present

Biographical Information on Officers and Directors

Each of our Board members was elected because he has demonstrated an ability to make meaningful contributions to our business and affairs, has a reputation for honesty and ethical conduct, has experience and strong communication and analytical skills, and because his skills, experience and background are complementary to those of our other Board members.

Peter B. Mills was elected as a Director of the Company in September 2006. Mr. Mills is CEO of Recondite Innovations, a startup company developing a new form of electronic cash in the San Francisco Bay Area. From May 2004 until December 2012, he has been Vice President of Sales at Speck Design, a leading product design firm with offices in Palo Alto, California. From July 2007 to April 2008, Mr. Mills served as President, Chief Executive Officer, and Chairman of the Board of the Company. He has spent 15 years selling sophisticated industrial robotics and automation systems with Adept Technology, the leading U.S. manufacturer of industrial robots, and Hewlett-Packard Company. He has also served as the Vice President of Sales from October 2000 to September 2001 at Softchain, an enterprise supply chain software company acquired by RiverOne, Inc. in 2001, which was later acquired by i2 Technologies, Inc. in 2006. Mr. Mills has significant experience with respect to the design and manufacturing needs of a variety of industries including medical devices, disk drives, consumer products, food packaging, printers, computers and networking, and semiconductor equipment. He has extensive international business experience in Japan, Singapore, and Korea. Mr. Mills earned an MBA from Harvard Business School and an A.B. in engineering, cum laude, from Dartmouth College. Mr. Mills was appointed as a director primarily because of his twenty years of experience in the high-technology products business.

Michael J. Tomczak was elected as a Director of the Company in September 2006. Mr. Tomczak is currently, and has been since January 2007, a member and president of Tomczak Business Consultants, LLC and a partner with its predecessor firm, Tomczak & Co. CPA LLP, which primarily provides consulting and bookkeeping services to small businesses. He served as Vice President, Chief Financial Officer and Secretary for the Company from 1991 until 1997, and as Chief Financial Officer of the Company from July 2008 until December 2009. From 2004 to 2005, Mr. Tomczak served as the President and Chief Operating Officer of Retail Technology International, Inc. (“RTI”), a developer of point-of-sale software. Mr. Tomczak served as the Chief Executive Officer and President of RTI from 2002 until its sale to Island Pacific, Inc., a developer of retail management software, in 2004. Mr. Tomczak served as RTI's Chief Financial Officer from January 2001 to December 2002. Mr. Tomczak served as President and Chief Operating Officer of Island Pacific and was a member of Island Pacific's Board of Directors from 2004 until 2005 and served as Chairman of RTI's Board of Directors from 2002 to 2004. Prior to joining the Company in 1991, Mr. Tomczak served as Director of Ernst & Young's Sacramento office's Entrepreneurial Services Group. Mr. Tomczak holds a Bachelor of Business Administration degree from Western Michigan University, and has been a Certified Public Accountant since 1981. Mr. Tomczak was appointed as a director because of his thirty years of financial/business management experience and expertise as a Certified Public Accountant.

Christopher A. Marlett was elected as a Director and the Chief Executive Officer of the Company in April 2008. Mr. Marlett is, and has been since 1997, the co-founder, chairman and Chief Executive Officer of MDB Capital Group LLC (“MDB”), an investment banking firm focused on equity financings and capital formation for growth-oriented technology companies. He holds a Bachelor of Science degree in Business Administration from the University of Southern California. Mr. Marlett was appointed as a director because of his twenty-five years of investment banking experience, including all phases of corporate finance, such as the completion of initial public offerings, secondary offerings, PIPEs and strategic consulting.

Robert M. Levande was elected as Director of the Company in April 2008 and as Secretary of the Company in July 2008. Mr. Levande has been a Managing Director at MDB from June 2003 through 2010 and a Senior Managing Director since 2010. From April 2002 to April 2003, he was a Managing Director of Gilford Securities, Inc. an investment firm. Previously, Mr. Levande founded and served as president of the Palantir Group, Inc., a private consulting firm specializing in providing strategic advice to entrepreneurs in the medical technology industry. From 1972 to 1998, he held various managerial positions with Pfizer, Inc., including Vice President-Business Analysis & Development of its Medical Technology Group and Senior Vice President of a subsidiary, Howmedica, Inc. Mr. Levande was a Director of Orthovita, Inc. from 2001 to 2007. Mr. Levande received his Bachelor of Science degree from the Wharton School of Finance and Commerce of the University of Pennsylvania and his Masters of Business Administration degree from Columbia University. Mr. Levande was appointed as a director primarily because of his 26 years of managerial experience at Pfizer and 13 years of merchant and investment banking experience.

Gary A. Schuman was elected as Chief Financial Officer of the Company in January 2010. Mr. Schuman has been the Chief Financial Officer and Chief Compliance Officer of MDB since November 2009. From September 2003 to November 2009, he was the Chief Financial Officer and Chief Compliance Officer of USBX Advisory Services, LLC, an investment banking firm focused on mergers and acquisitions, and Chief Financial Officer of its parent company, USBX, Inc. From 1994 to 2003, Mr. Schuman served in several managerial capacities at Equibond, Inc., a securities broker-dealer based in Los Angeles. Mr. Schuman earned a Bachelor of Arts degree in Economics from UCLA and an MBA from the Marshall School of Business at the University of Southern California.

Section 16(a) of the Exchange Act requires the Company’s Officers, Directors, and persons who own more than ten percent of a class of the equity securities of the Company that is registered pursuant to Section 12 of the Exchange Act within specified time periods to file certain reports of ownership and changes in ownership with the SEC. Officers, directors and ten-percent stockholders are required by regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of copies of the reports furnished to the Company and written representations from persons concerning the necessity to file these reports, the Company is not aware of any failure to file reports or report transactions in a timely manner including during the fiscal year ended December 31, 2013.

Board; Committees of the Board of Directors; Financial Expert; and Independence

The board of directors is currently composed of four persons.

The Company does not have securities listed on a national securities exchange or in an inter-dealer quotation system that has director independence or committee independence requirements. Accordingly the Company is not required to comply with any director independence requirements.

Notwithstanding the foregoing lack of applicable independence requirements, the board of directors currently has two members that qualify as "independent" as the term is used in Item 7(d)(3)(iv)(B) of Schedule 14A under the Securities Exchange Act of 1934, as amended, and Rule 5605 of the Nasdaq Stock Market Listing Rules. These persons are Messrs. Peter B. Mills and Michael J. Tomczak.

We are not required to have and we do not have currently an Audit Committee. The Company's directors perform the same functions of an Audit Committee, including: recommending a firm of independent certified public accountants to audit the financial statements; reviewing the auditors' independence, the financial statements and their audit report; and reviewing management's administration of the system of internal accounting controls. The Company does not currently have a written audit committee charter or similar document.

Although we do not have and are not required to have an Audit Committee, the directors have determined that Mr. Michael J. Tomczak qualifies as an “audit committee financial expert.” This director has financial statement preparation and interpretation ability obtained over the years from past business experience and education, including being a Certified Public Accountant.

Our board of directors currently does not have nominating or compensation committees nor does it have a written nominating or compensation committee charter. Our directors believe that it is not necessary to have such committees, at this time, because the functions of such committees can be adequately performed by the board of directors.

Code of Ethics

A Code of Ethics that applies to the Company's Chief Executive Officer and Chief Financial Officer, as well as to all other employees of the Company, was approved and adopted by the Board of Directors on April 8, 2004. Copies of the Code of Ethics may be obtained free of charge by written request to Integrated Surgical Systems, Inc. attention Chief Financial Officer, 401 Wilshire Blvd, Suite 1020, Santa Monica, CA 90401.

Item 11. Executive Compensation

The following table sets forth, for the fiscal years ended December 31, 2013 and 2012, the compensation awarded to, earned by or paid to those persons who were the Company's Chief Executive Officer and Chief Financial Officer in 2013 (collectively, the "Named Executive Officers"). There were no other executive officers of the Company whose total salary and bonus exceeded $100,000 for the year ended December 31, 2013.

Summary Compensation Table

Name and Principal Position	Year	Stock Awards (1)	All Other Compensation (2)	Total Compensation
Christopher A. Marlett	2013	$ 25,000	-	$ 25,000
Chief Executive Officer	2012	$ 25,000	-	$ 25,000
Gary A. Schuman	2013	-	$ 36,000	$ 36,000
Chief Financial Officer	2012	-	$ 36,000	$ 36,000

(1) The amounts in this column represent the aggregate grant date fair value of the shares issued to Mr. Marlett for his services as a director of the Company, calculated in accordance with Accounting Standards Codification ("ASC") 718, under the assumptions included in Note 7 to the Company's audited financial statements included in this Report. Mr. Marlett has elected to receive his $6,250 quarterly fee in the form of shares of common stock of the Company, with the number of shares determined by dividing the compensation earned each quarter by the closing price of the Company's common stock as of the date of issuance.

(2) The Company compensates MDB for Mr. Schuman's services in the amount of $3,000 in cash per month, and the amounts in this column represent such compensation paid to MDB.

Employment Agreements

There are no current employment agreements between the Company and any person.

Outstanding Equity Awards at 2013 Fiscal Year-End

There are no current outstanding options to purchase shares of the Company's common stock as of December 31, 2013.

Director Compensation

For 2013, the Company paid its non-employee directors $6,250 per quarter, which the directors were entitled to elect to take in cash, stock, or in a combination of cash and stock.

Director Compensation Table

Name of Director(1)	Fees	Stock Awards (2)	Total
Peter B. Mills	$ 21,875	$ 3,125	$ 25,000
Robert M. Levande	$ -	$ 25,000	$ 25,000
Michael J. Tomczak	$ 25,000	$ -	$ 25,000

(1) Mr. Marlett is a Named Executive Officer, and in accordance with SEC rules, his compensation as a director is included in the "Summary Compensation Table" above.

(2) Mr. Levande has elected to receive his $6,250 quarterly fee in the form of shares of common stock of the Company. Through March 31, 2013, Mr. Mills had elected to receive one half of his $6,250 quarterly fee in the form of cash and one half in shares of common stock of the Company. The number of shares issued was determined by dividing, for each quarter, the compensation earned by the closing price of the Company's stock as of the issue date. The amounts in this column represent the aggregate grant date fair value of the shares issued in 2013, calculated in accordance with ASC 718, under the assumptions included in Note 7 to the Company's audited financial statements included in this Report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information concerning the beneficial ownership of the Company's common stock as of March 20, 2014 by (i) each person known by the Company to be the owner of more than 5% of the outstanding common stock, (ii) each director, (iii) each Named Executive Officer and (iv) all directors and executive officers as a group.

Name	Amount and Nature of Beneficial Ownership (1)	Percentage of Common Stock Beneficially Owned (2)
Christopher A. Marlett (3)	2,426,678(4)	27.80%
Robert M. Levande (3)	588,147	6.74%
Peter B. Mills (3)	110,457	1.27%
All Directors and executive officers as a group (3 persons)	3,125,282	35.81%
Martin Stephen Walker 1408 Olivia Street, Key West, FL 33040	728,544(5)	8.35%
Toye Anne Drewry 3750 Galt Ocean Drive, Apt. 704, Fort Lauderdale, FL 33308	653,717	7.49%
Jay Gottlieb 27 Misty Brook Lane, New Fairfield, CT 06812	742,984	8.51%

(1) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated, subject to community property laws, where applicable. Includes any securities that such person has the right to acquire within sixty (60) days of March 20, 2013 pursuant to options, warrants, conversion privileges or other rights.

(2) Based on 8,728,543 shares of common stock outstanding as of March 20, 2014, plus the number of shares each person has the right to acquire within 60 days of March 20, 2014.

(3) Address is c/o Integrated Surgical Systems, Inc., 401 Wilshire Blvd., Suite 1020, Santa Monica, CA 90401.

(4) Mr. Marlett holds 827,541 shares in the Christopher A. Marlett Living Trust, 1,027,541 of these shares in his IRA, and 571,596 shares in a joint account with Terri Marlett.

(5) Mr. Walker holds 703,717 shares in the M. Stephen Walker Family Trust, and 24,827 shares in his IRA.

Securities Authorized for Issuance Under Equity Incentive Plans

The Company has provided in Item 11 of this Report the information required for securities authorized for issuance under the Company's equity plans.

Director Independence

See "Item 10, Committees of the Board of Directors."

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions

The Company entered into an Investment Banking Advisory Services agreement in November 2007 with 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 a securities investment account with MDB, consisting of (a) available-for-sale investments totaling $2,526,542, including short-term federal securities of $90,365 and certificates of deposit, municipal bonds and corporate bonds totaling $2,436,177 at December 31, 2013, and (b) available-for-sale investments totaling $2,658,190 consisting of short-term federal securities of $19,788 and certificates of deposit, municipal bonds and corporate bonds totaling $2,621,012, and equity securities of $17,390 at December 31, 2012. Mr. Christopher Marlett, the Chief Executive Officer and director of the Company, is the Chief Executive Officer and a director of MDB. Mr. Gary Schuman, who is the Chief Financial Officer of the Company, is the Chief Financial Officer and Chief Compliance Officer of MDB. The Company reimburses MDB for Mr. Schuman's services in the amount of $3,000 per month, totaling $36,000 for the years ended December 31, 2012 and 2011. Mr. Robert Levande, who is an officer and director of the Company, is a senior managing director of MDB.

MDB acted as placement agent in connection with the ClearSign Offering discussed in Note 5 to the financial statements, and in consideration for its services was issued 109,091 shares of ClearSign's common stock (in lieu of a cash fee of 10% of the gross proceeds of the ClearSign Offering) and a 5-year warrant to purchase 109,091 shares of ClearSign's common stock at an exercise price of $2.75 per share. In addition, at the close of the offering, MDB received 363,636 shares of ClearSign in consideration of other consulting services provided by MDB unrelated to its role as a placement agent. ClearSign completed its initial public offering of common stock on April 25, 2012. MDB was the sole underwriter for the initial public offering and received compensation of $1,207,500 and a warrant to purchase 345,000 shares of ClearSign's common stock in connection with the public offering.

Item 14. Principal Accounting Fees and Services

Audit Fees

All audit fees are approved by the Board of Directors. The Board of Directors considers whether the provision of services, including non-audit services, by its Independent Registered Public Accounting Firm, is compatible with maintaining the firm's independence and has concluded that it is.

The following table sets forth the aggregate fees billed to the Company by its Independent Registered Public Accounting Firm for each of the last two fiscal years for the categories of services indicated.

Category	2013	2012
Audit Fees(1)	$ 43,000	$ 50,537
Audit Related Fees(2)	None	None
Tax fees (3)	5,384	4,409
All Other Fees	None	none
	$ 48,384	$ 54,946

(1) Consists of the aggregate fees billed by the Company's Independent Registered Public Accounting Firm for professional services rendered in connection with the audit of the Company's annual financial statements included in the Company's Form 10-K for fiscal years 2013 and 2012, and the review of the Company's quarterly financial statements included in the Company's Form 10-Q for periods during 2013 and 2012, and services that are normally provided by the Independent Registered Public Accounting Firm in connection with the statutory and regulatory filings or engagements.

(2) Includes audit services provided in connection with accounting consultations and internal control reviews.

(3) Consists of professional services rendered for tax compliance.

Item 15. Exhibits, Financial Statement Schedules

1. Financial Statements
Reference is made to the Financial Statements filed under Item 8, Part II of this Report.

2. Financial Statement Schedules
Reference is made to the Final Statements filed under Item 8, Part II of this Report.

3. Exhibits

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended. (5)
3.2	By-laws of the Registrant, as amended. (1)
3.3	Certificate of Designations for Series G Convertible Preferred Stock. (3)
4.1	Specimen Common Stock Certificate. (2)
4.2	1998 Stock Option Plan. (4)
10.1	Preferred Stock Purchase Agreement for Series G Convertible Preferred Stock. (3)
14.1	Code of Ethics (5)
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	The following material from Integrated Surgical Systems, Inc.'s Form 10-K Report for the year ended December 31, 2013, formatted in XBRL: (i) Balance Sheets, (ii) Statements of Comprehensive Income, (iii) Statement of Changes in Shareholders' Equity, (iv) Statements of Cash Flows, and (v) the Notes to Financial Statements.**

* Filed Herewith

** Furnished, not filed.

(1) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002.

(2) Incorporated by reference to the Registrant's Registration Statement on Form SB-2 (Registration No. 333-48040) declared effective on October 31, 2000.

(3) Incorporated by reference to the Registrant's Registration Statement on Form S-3 (Registration No. 333-40710), declared effective on July 28, 2000.

(4) Incorporated by reference to the Registrant's Annual Report on Form 10- KSB for the fiscal year ended December 31, 1997.

(5) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007.

SIGNATURES

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

Integrated Surgical Systems, Inc.

By: /s/ Christopher A. Marlett
Christopher A. Marlett
(Principal Executive Officer)

Dated: March 31, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated and on the dates indicated.

Signature	Title
/s/ CHRISTOPHER A. MARLETT Christopher A. Marlett Date: March 31, 2014	Chief Executive Officer and Director (Principal Executive Officer)
/s/ GARY A. SCHUMAN Gary A. Schuman Date: March 31, 2014	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ MICHAEL J. TOMCZAK Michael J. Tomczak Date: March 31, 2014	Director
/s/ ROBERT M. LEVANDE Robert M. Levande Date: March 31, 2014	Secretary and Director
/s/ PETER B. MILLS Peter B. Mills Date: March 31, 2014	Director

Integrated Surgical Systems, Inc.
Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Integrated Surgical Systems, Inc.

We have audited the accompanying balance sheets of Integrated Surgical Systems, Inc. as of December 31, 2013 and 2012, and the related statements of operations and comprehensive income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Integrated Surgical Systems, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Gumbiner Savett Inc.
GUMBINER SAVETT INC.
Santa Monica, California

March 26, 2014

Integrated Surgical Systems, Inc.
Balance Sheets

	As at December 31, 2013	As at December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 99,716	$ 113,991
Investments in available-for-sale securities	2,526,542	2,658,190
Other current assets	32,054	36,331
Total current assets	2,658,312	2,808,512
Total Assets	$ 2,658,312	$ 2,808,512
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 18,001	$ -
Accrued stock compensation	-	15,625
Income taxes payable	-	682
Conversion feature liability	76,236	108,839
Total current liabilities	94,237	125,146
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; 8,650,417 and 8,318,073 shares issued and outstanding at December 31, 2013 and 2012, respectively	86,504	83,180
Common stock to be issued	12,500	-
Additional paid-in capital	64,405,084	64,352,158
Accumulated deficit	(62,094,561)	(61,917,302)
Accumulated other comprehensive loss	(13,948)	(3,166)
Total stockholders' equity	2,395,579	2,514,870
Total liabilities and stockholders' equity	$ 2,658,312	$ 2,808,512

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.
Statements of Operations and Comprehensive Income (Loss)

	Year Ended December 31, 2013	2012
Operating Expenses		
General and administrative expenses	$ 260,903	$ 250,707
Loss from operations	(260,903)	(250,707)
Other income (expense)		
Interest and dividend income, net	43,334	66,958
Change in fair value of conversion feature	32,603	(27,738)
Gain on distribution of investment in ClearSign	-	811,713
Realized gain (loss) on available-for-sale securities	8,507	(30,378)
Total other income (expense)	84,444	820,555
Income (loss) before income taxes	(176,459)	569,848
Income taxes	800	1,482
Net income (loss)	$ (177,259)	$ 568,366
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(10,782)	21,860
Comprehensive income (loss)	$ (188,041)	$ 590,226
Basic net income (loss) per common share	$ (0.02)	$ 0.07
Diluted net income (loss) per common share	$ (0.02)	$ 0.06
Weighted average number of shares outstanding		
Basic	8,650,417	8,189,690
Diluted	8,650,417	9,428,631

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.

Statement of Changes in Stockholders' Equity

	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	Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2011	8,028,779	$ 80,287	-	-	$ 64,292,551	$ (25,026)	$ (60,681,860)	-	$ 3,665,952
	-	-							
Stock-based compensation	289,294	2,893	-	-	59,607	-	-	-	62,500
Dividends	-	-	-	-	-	-	(1,803,808)	-	(1,803,808)
Comprehensive gain									
Net income	-	-	-	-	-	-	568,366	568,366	-
Other comprehensive income (loss)									
Net unrealized loss on investment in securities	-	-	-	-	-	21,860	-	21,860	-
Comprehensive gain	-	-	-	-	-	-	-	$ 590,226	590,226
Balance at December 31, 2012	8,318,073	$ 83,180	-	-	$ 64,352,158	$ (3,166)	$ (61,917,302)	-	$ 2,514,870
Stock-based compensation	332,344	3,324	-	-	52,926	-	-	-	56,250
Common stock to be issued	-	-	78,126	$ 12,500	-	-	-	-	12,500
Comprehensive loss									
Net loss	-	-	-	-	-	-	(177,259)	(177,259)	-
Other comprehensive income (loss)									
Net unrealized gain on investment in securities	-	-	-	-	-	(10,782)	-	(10,782)	-
Comprehensive loss	-	-	-		-	-	-	$ (188,041)	(188,041)
Balance at December 31, 2013	8,650,417	$ 86,504	78,126	$ 12,500	$ 64,405,084	$ (13,948)	$ (62,094,561)		$ 2,395,579

See accompanying notes to financial statements

Integrated Surgical Systems, Inc.
Statements of Cash Flows

	For the Year Ended December 31, 2013	2012
Cash flows from operating activities:		
Net income (loss)	$ (177,259)	$ 568,366
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Change in fair value of conversion feature	(32,603)	27,738
Stock based compensation	56,250	62,500
Realized losses on available-for-sale securities	(8,507)	30,378
Gain on distribution of investment in ClearSign	-	(811,713)
Changes in operating assets and liabilities:		
Other current assets	4,278	(14,461)
Accounts payable and accrued liabilities	14,875	(5,452)
Income taxes payable	(682)	682
Net cash used in operating activities	(143,648)	(141,962)
Cash flows from investing activities:		
Purchases of available for sale securities	(1,872,492)	(3,467,277)
Proceeds received from sales of available-for-sale securities	271,008	319,496
Proceeds received from maturities of available-for-sale securities	1,730,857	2,980,750
Net cash provided by (used in) investing activities	129,373	(167,031)
Net increase (decrease) in cash and cash equivalents	(14,275)	(308,993)
Cash and cash equivalents at beginning of year	113,991	422,984
Cash and cash equivalents at end of year	$ 99,716	$ 113,991
Supplemental cash flow disclosure:		
Income taxes paid	$ 800	$ 800
Supplemental non-cash disclosure:		
Unrealized gain (loss) on available-for-sale securities	$ (10,782)	$ 21,860
Dividend of ClearSign common stock	$ -	$ 1,803,808

See accompanying notes to financial statements

Integrated Surgical Systems, Inc.
Notes to Financial Statements

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 raising additional funds to be used to maintain the Company's public company status and to complete a business combination or strategic alliance, if suitable candidates are identified.

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements reflect the operating results and financial position of the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 $40,000 at December 31, 2013. 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 $60,000 at December 31, 2013. Assets in this brokerage account are protected by the Securities Investor Protection Corporation ("SIPC") up to $500,000. The Company had no uninsured cash and cash equivalents at December 31, 2013.

Investment 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 equity securities, 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, derivative liability and investment in ClearSign at fair value. The Company's cash equivalents and investments in available-for-sale securities are classified within Level 1 by using quoted market prices. 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 Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2011-04, "Fair Value Measurement" (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements and includes the following provisions: application of the concepts of highest and best use and valuation premise, introduction of an option to measure groups of offsetting assets and liabilities on a net basis, incorporation of certain premiums and discounts in fair value measurements, and the measurement of fair value of certain instruments classified in shareholders' equity. In addition, the amended guidance includes several new fair value disclosure requirements, including, among other things, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of Level 3 measurements' sensitivity to changes in unobservable inputs. The guidance became effective for the reporting period beginning January 1, 2012. The adoption of this guidance did not have a material impact on the Company's financial statements.

In June 2011, the FASB issued Accounting Standards Update 2011-05, "Comprehensive Income" (Topic 220): Presentation of Comprehensive Income. This amended guidance now requires reporting entities to present all non-owner changes in stockholders' equity either as a single continuous statement of comprehensive income or as two separate but consecutive statements. The guidance became effective for the reporting period beginning December 15, 2011. Early adoption is permitted. The Company adopted this accounting standard for the reporting period ending December 31, 2011 and it did not have a material impact on the Company's financial statements. Subsequently in December 2011, the FASB issued Accounting Standards Update No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income" ("ASU No. 2011-12"), which indefinitely defers the requirement in ASU No. 2011-05 to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. The amendments in these standards do not change the items that must be reported in other comprehensive income, when an item of other comprehensive income must be reclassified to net income, or change the option for an entity to present components of other comprehensive income gross or net of the effect of income taxes. The amendments in ASU No. 2011-12 are effective for interim and annual periods beginning after December 15, 2011 and are to be applied retrospectively. The adoption of the provisions of ASU No. 2011-12 did not have a material impact on the Company's financial position or results of operations.

Management does not believe that any other 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 shares were excluded from the calculation of loss per share for the year ended December 31, 2013 because they were not dilutive; these shares would have been dilutive if the Company had not had a net loss for the this period.

A warrant for 30,000 shares was excluded from the calculation of income per share for 2013, and a warrant for 30,000 shares, and stock options of 100,000 were excluded from the calculation of income per share for 2012, respectively, because their effect was 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 December 31, 2013:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. federal agency securities	$ 90,549	$ 93	$ (277)	$ 90,365
Municipal securities	735,826	2,175	(6)	737,995
Certificates of deposit	1,539,377	12,281	(19,398)	1,532,260
Corporate debt securities	174,738	275	(9,091)	165,922
	$ 2,540,490	$ 14,824	$ (28,772)	$ 2,526,542

The following is a summary of the Company's investments in available-for-sale securities as of December 31, 2012:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. federal agency securities	$ 19,592	$ 196	$ -	$ 19,788
Municipal securities	1,154,841	2,882	(2,090)	1,155,633
Certificates of deposit	1,193,494	8,734	(16,904)	1,185,324
Corporate debt securities	285,524	4,164	(9,633)	280,055
Equity securities – ClearSign common stock	7,905	9,485	-	17,390
	$ 2,661,356	$ 25,461	$ (28,627)	$ 2,658,190

The Company's investment portfolio had a net realized gain of $8,507and a realized loss of $30,378 for the years ended December 31, 2013 and 2012, respectively. The Company's investment portfolio has thirty-seven positions with an unrealized loss as of December 31, 2013.

The cost and fair value of investments in fixed income available-for-sale debt securities, by contractual maturity, as of December 31, 2013, are as follows:

	Cost	Fair Value
Due within one year	$ 805,714	$ 797,042
Due after one year through three years	852,260	859,383
Due after three years	882,516	870,117
	$ 2,540,490	$ 2,526,542

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 investment in available-for-sale debt securities as current assets in the accompanying balance sheets.

5. Cost-Basis Investment

On April 20, 2011, the Company purchased 363,636 shares of common stock of ClearSign Combustion Corporation, a privately-held Washington corporation ("ClearSign"), for an aggregate purchase price of $1,000,000, or $2.75 per share, in connection with ClearSign's private offering of up to $3,000,000 of its common stock (the "ClearSign Offering"). Due to a 1.25-for-one stock split, which occurred subsequent to this purchase, the Company held 454,545 shares of common stock of ClearSign. ClearSign is an early-stage clean energy company focused on developing technology to increase energy efficiency in most types of industrial combustion systems. Prior to September 30, 2012, this investment had been accounted for using the cost method, as the Company owned less than 20% of the voting securities and did not have the ability to exercise significant influence over operating and financial policies of the entity.

ClearSign filed a registration statement on Form S-1 (as amended) for the initial public offering of its common stock that was declared effective April 24, 2012. On April 25, 2012, ClearSign completed an initial public offering selling 3,000,000 shares of its common stock at $4.00 per share, and trading under the symbol CLIR on NASDAQ. The shares of common stock of ClearSign previously acquired in a private placement by the Company were registered for resale or distribution as part of the offering

On April 24, 2012, the Company's board of directors declared a dividend to the stockholders of the Company, of an aggregate of 450,000 shares of common stock of ClearSign. The dividend was at the rate of 0.05513475 shares of ClearSign for each share of common stock of the Company, which equated to one share of common stock of ClearSign for approximately 18.137 shares of the Company's common stock. The record date of the dividend was May 9, 2012, and the payment date of the dividend was May 23, 2012. A total of 450,952 shares of ClearSign were distributed, including 952 rounding shares. During the nine months ended September 30, 2012, the Company recorded a gain of $811,713 equal to the increase in the fair value of the ClearSign investment which had been distributed, or $1,803,808, as measured on April 25, 2012 less the cost basis of the investment.

The Company retained 3,593 shares of ClearSign common stock, which were then sold on April 29, 2013. A realized gain of $24,475 was recorded during the twelve months ended December 31, 2013.

6. 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 December 31, 2013 and 2012, 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 years ended December 31, 2013 and 2012, no shares of Series G were converted into shares of common stock. At December 31, 2013 and 2012, the outstanding Series G shares were convertible into a minimum of 1,238,941 and 991,153 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 $76,236 as of December 31, 2013, and has been included as "conversion feature liability" on the accompanying balance sheets. As of December 31, 2012, the fair value of the derivative was determined to be $108,839.

7. Stock-based compensation

On August 15, 2008, the Company granted 25,000 non-qualified stock options to each of its four directors. These options had a vesting period of one year from the date of grant, and they became fully vested and exercisable on August 15, 2009. These options expired on August 15, 2013. As of December 31, 2012, 100,000 options remained outstanding under this grant, and as of December 31, 2013, no options remain outstanding under this grant.

FASB ASC 718 "*Compensation-Stock Compensation*" requires entities to estimate the number of forfeitures expected to occur and record expense based upon the number of awards expected to vest. The outstanding stock options under the 1998 Plan have been fully vested and related expenses were fully amortized for the year ended December 31, 2012.

For the year ended December 31, 2013, option activity was as follows:

	Shares	Weighted-Average Exercise Price	Remaining Contractual Term
Outstanding at beginning of year	100,000	$ 0.38	0.62
Granted	-	$ -	
Expired and forfeited	(100,000)	$ 0.38	
Exercised	-	$ -	
Outstanding at end of year	-	$ -	
Exercisable at December 31, 2013	-	$ -	

Tthe Company has previously issued 30,000 warrants in lieu of consulting fees, which expire in July 2014 and have an exercise price of $0.63 per share.

The Company agreed to compensate two of its four directors by issuing common stock and one director in cash for services rendered in 2013 and 2012. Two of these directors are affiliated with the advisory services firm that is currently providing investment banking services to the Company. The Company agreed to compensate the fourth director in a combination of cash and common stock for services rendered in the first quarter 2013 and 2012. Beginning in the second quarter of 2013 and continuing through 2013, the Company agreed to compensate this director in cash instead of cash and common stock. 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 as common of $12,500 for the quarter ending December 31, 2013 for two directors, which is recorded as common stock to be issued.

On January 17, 2013, the Company issued 31,250 shares of common stock to each of two directors, and 15,626 shares of common stock to another director, as compensation for the three months ended December 31, 2012. These shares, totaling 78,126, were valued at a per share price of $0.20, or a total of $15,625.

On April 12, 2013, the Company issued 34,722 shares of common stock to each of two directors, and 17,362 shares of common stock to another director, as compensation for the three months ended March 31, 2013. These shares, totaling 86,806, were valued at a per share price of $0.18, or a total of $15,625.

On July 15, 2013, the Company issued 39,063 shares of common stock to each of two directors as compensation for the three months ended June 30, 2013. These shares, totaling 78,126, were valued at a per share price of $0.16, or a total of $12,500.

On October 11, 2013, the Company issued 44,643 shares of common stock to each of two directors as compensation for the three months ended September 30, 2013. These shares, totaling 89,286, were valued at a per share price of $0.14, or a total of $12,500.

On January 9, 2014, the Company issued 39,063 shares of common stock to each of two directors as compensation for the three months ended December 31, 2013. These shares, totaling 78,126, were valued at a per share price of $0.16, or a total of $12,500.

8. Income Taxes

The Company accounts for income taxes under FASB ASC 740 "Accounting for Income Taxes." Deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities in the Company's financial statements and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that all or some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Federal and state income tax returns of the Company for the years ended December 31, 2012, 2011 and 2010 are subject to review by the taxing authorities.

The Company has evaluated and concluded that there are no uncertain tax positions requiring recognition in the Company's financial statements for the year ended December 31, 2013. The tax expense for the years ended December 31, 2013 and 2012 is $800 and $1,482, respectively.

Income tax provision consisted of the following for 2013:

	Federal	California	2013
Current provision	$ -	$ 800	$ 800
Deferred provision:			
Deferred tax – beg of year	-	-	-
Deferred tax – end of year	-	-	-
Change in deferred	-	-	-
Subtotal	-	-	-
Total Provision	$ -	$ 800	$ 800

Income tax provision consisted of the following for 2012:

	Federal		California		2012	
Current provision	$	-	$	1,482	$	1,482
Deferred provision:						
Deferred tax – beg of year		-		-		-
Deferred tax – end of year		-		-		-
Change in deferred		-		-		-
Subtotal		-		-		-
Total Provision	$	-	$	1,482	$	1,482

As of December 31, 2013, and December 31, 2012 the Company had deferred tax assets primarily consisting of its net operating loss carryforwards. However, because of the cumulative losses in several consecutive years, the Company has recorded a full valuation allowance such that its net deferred tax asset is zero.

Deferred tax assets consist of the following components:

	2013		2012	
Current				
Current state taxes	$	-	$	-
Accrued and other related costs		36,000		50,000
Total current		36,000		50,000
Non-current				
Net operating loss carryforward		13,950,000		13,899,000
Research and development credit		1,821,000		1,821,000
Total non-current		15,771,000		15,720,000
Total deferred tax asset		15,807,000		15,770,000
Less valuation allowance		(15,807,000)		(15,770,000)
Net deferred tax asset	$	-	$	-

The Company must make judgments as to whether the deferred tax assets will be recovered from future taxable income. To the extent that the Company believes that recovery is not likely, it must establish a valuation allowance. A valuation allowance has been established for deferred tax assets which the Company does not believe meet the “more likely than not” criteria. The Company’s judgments regarding future taxable income may change due to changes in market conditions, changes in tax laws, tax planning strategies or other factors. If the Company’s assumptions and consequently its estimates change in the future, the valuation allowances it has established may be increased or decreased, resulting in a respective increase or decrease in income tax expense.

At December 31, 2013, the Company had net operating loss carryforwards of approximately $41,295,000 and $4,461,000 for federal income and California tax purposes, respectively. Such carryforwards may be used to reduce taxable income, if any, in future years through their expiration in 2014 to 2033 subject to limitations of Sec 382 of the Internal Revenue Code for federal income, and 2016 to 2022 for California tax purposes. The Company believes an ownership change may have occurred, as defined by Sections 382 and 383 of the Internal Revenue Code (IRC), which could result in the forfeiture of a significant portion of its net operating loss and credit carryforwards.

In addition, the Company has research and development credits aggregating approximately $854,000 for federal income tax purposes and approximately $966,000 for California tax purposes at December 31, 2013, which are net of potentially ineligible Research and Development credits. Such credits may be used to reduce federal income taxes payable if any, in future years through their expiration in 2024; such credits have no expiration in California.

For 2013 and 2012, the provision for income taxes on the statements of operations differs from the amount computed by applying the statutory Federal income tax rate to income before the provision for income taxes, as follows:

	2013	2012
Federal expense expected at statutory rate	$ (59,996)	$ 193,746
State income taxes, net of Federal benefit	(10,295)	33,247
Other	528	504
Change in valuation allowance	70,563	(226,015)
Effective Income Tax	$ 800	$ 1,482

The Company follows guidance issued by the FASB with regard to its accounting for uncertainty in income taxes recognized in the financial statements. Such guidance prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. The Company's policy is to include interest and penalties in general and administrative expenses. There were no interest and penalties recorded for the years ended December 31, 2013 and 2012. The Company's review of prior year tax positions using the criteria and provisions presented in guidance issued by the FASB did not result in a material impact on the Company's financial position or results of operations.

9. 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 $2,526,542, that include short-term federal securities of $90,365, and certificates of deposit, municipal securities and corporate bonds totaling $2,436,177 at December 31, 2013, and (b) available-for-sale investments totaling $2,640,800, that include short-term federal securities of $19,788, certificates of deposit, municipal securities and corporate bonds totaling $2,621,012, and equity securities of $17,390 at December 31, 2012.

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 reimburses MDB for Mr. Schuman's services in the amount of $3,000 per month, totaling $36,000 for both 2013 and 2012. Mr. Robert Levande, who is an officer and director of the Company, is also a senior managing director of MDB.

10. 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.

11. Subsequent Event

On January 9, 2014, the Company issued 39,063 shares of common stock to each of two directors as compensation for the three months ended December 31, 2013. These shares, totaling 78,126, were valued at a per share price of $0.16, or a total of $12,500.

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 Annual Report on Form 10-K for the year ended December 31, 2013 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 Annual 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 Annual 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 Annual 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 Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

   (d) Disclosed in this Annual 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: March 31, 2014

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 Annual Report on Form 10-K for the year ended December 31, 2013 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 Annual 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 Annual 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 Annual 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 Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

   (d) Disclosed in this Annual 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: March 31, 2014

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 Annual Report on Form 10-K of the Company for the year ended December 31, 2013, 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: March 31, 2014

/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 Annual Report on Form 10-K of the Company for the year ended December 31, 2013, 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: March 31, 2014

/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.