

INOVIO PHARMACEUTICALS, INC.

Form 10-Q

August 05, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2011

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-14888

INOVIO PHARMACEUTICALS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-0969592
(I.R.S. Employer
Identification No.)

1787 SENTRY PARKWAY WEST

BUILDING 18, SUITE 400

BLUE BELL, PENNSYLVANIA 19422

(Address of principal executive offices) (Zip Code)

(267) 440-4200

(Registrant's telephone number, including area code)

N/A

(Former name, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

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

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

The number of shares outstanding of the registrant's Common Stock, par value \$0.001 per share, was 127,256,907 as of July 27, 2011.

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INOVIO PHARMACEUTICALS, INC.

FORM 10-Q

For the Quarterly Period Ended June 30, 2011

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	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,594,293	\$ 19,998,489
Short-term investments certificates of deposit	5,759,716	1,846,271
Accounts receivable	347,819	32,887
Accounts receivable from affiliated entity	90,421	72,149
Prepaid expenses and other current assets	822,227	273,975
Prepaid expenses and other current assets from affiliated entity	992,245	653,436
Total current assets	38,606,721	22,877,207
Fixed assets, net	306,113	276,795
Intangible assets, net	10,239,436	11,180,002
Goodwill	10,113,371	10,113,371
Investment in affiliated entity	8,383,650	11,360,888
Other assets	208,262	259,128
Total assets	\$ 67,857,553	\$ 56,067,391
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,242,943	\$ 3,410,610
Accounts payable and accrued expenses due to affiliated entity	757,489	1,680,947
Accrued clinical trial expenses	426,471	178,328
Common stock warrants	4,867,672	370,926
Deferred revenue	233,161	420,897
Deferred revenue from affiliated entity	413,542	375,000
Total current liabilities	9,941,278	6,436,708
Deferred revenue, net of current portion	66,644	72,780
Deferred revenue from affiliated entity, net of current portion	2,149,194	2,336,694
Deferred rent, net of current portion	66,154	67,112
Deferred tax liabilities	53,186	53,186
Total liabilities	12,276,456	8,966,480
Stockholders equity:		
Inovio Pharmaceuticals, Inc. stockholders equity:		
Common stock	127,257	105,038
Additional paid-in capital	254,956,417	241,233,334
Accumulated deficit	(200,073,001)	(194,838,229)
Accumulated other comprehensive income	(2,941)	2,850

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Total Inovio Pharmaceuticals, Inc. stockholders' equity	55,007,732	46,502,993
Non-controlling interest	573,365	597,918
Total stockholders' equity	55,581,097	47,100,911
Total liabilities and stockholders' equity	\$ 67,857,553	\$ 56,067,391

See accompanying notes.

Table of Contents**INOVIO PHARMACEUTICALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Revenue:				
License fee and milestone revenue	\$ 26,456	\$ 55,941	\$ 52,824	\$ 122,495
License fee and milestone revenue from affiliated entity	105,208	118,750	198,958	125,806
Grant and miscellaneous revenue	2,288,099	960,168	5,273,246	2,259,947
Total revenue	2,419,763	1,134,859	5,525,028	2,508,248
Operating expenses:				
Research and development	4,463,978	3,083,229	8,885,777	5,813,824
General and administrative	3,092,386	3,027,593	6,411,618	6,077,751
Gain on sale of assets			(250,000)	
Total operating expenses	7,556,364	6,110,822	15,047,395	11,891,575
Loss from operations	(5,136,601)	(4,975,963)	(9,522,367)	(9,383,327)
Other income (expense):				
Interest income, net	7,799	13,594	20,574	48,155
Other income, net	4,898,758	676,179	7,219,706	1,704,172
Loss from investment in affiliated entity	(2,607,227)	(3,327,758)	(2,977,238)	(2,283,584)
Net loss	(2,837,271)	(7,613,948)	(5,259,325)	(9,914,584)
Net loss/ (gain) attributable to non-controlling interest	15,112	(2,490)	24,553	4,460
Net loss attributable to Inovio Pharmaceuticals, Inc.	\$ (2,822,159)	\$ (7,616,438)	\$ (5,234,772)	\$ (9,910,124)
Loss per common share basic and diluted:				
Net loss per share attributable to Inovio Pharmaceuticals, Inc. stockholders	\$ (0.02)	\$ (0.07)	\$ (0.04)	\$ (0.10)
Weighted average number of common shares outstanding basic and diluted				
	127,256,364	102,811,417	124,124,645	102,784,297
	See accompanying notes.			

Table of Contents**INOVIO PHARMACEUTICALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Cash flows from operating activities:		
Net loss	\$ (5,259,325)	\$ (9,914,584)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	66,641	92,701
Amortization of intangible assets	940,566	960,453
Change in value of common stock warrants	(7,230,626)	(1,726,224)
Change in value of short-term investments auction rate securities		3,139,669
Change in value of auction rate security rights		(3,146,983)
Stock-based compensation	1,150,272	602,467
Interest income accrued on short term investments certificates of deposit	6,271	
Interest expense accrued on line of credit		60,822
Deferred rent	(958)	30,541
Loss from investment in affiliated company	2,977,238	2,283,584
Gain on sale of assets	(250,000)	
Changes in operating assets and liabilities:		
Accounts receivable	(314,932)	99,506
Accounts receivable from affiliated entity	(18,272)	(1,969,628)
Prepaid expenses and other current assets	(548,252)	(12,983)
Prepaid expenses and other current assets from affiliated entity	(338,809)	(4,924)
Other assets	50,866	21,419
Accounts payable and accrued expenses	80,476	(922,816)