

ARCA biopharma, Inc.  
Form 10-Q  
May 13, 2013

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2013

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM TO

Commission File Number 000-22873

ARCA BIOPHARMA, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

36-3855489

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(State or Other Jurisdiction of (I.R.S. Employer

Incorporation or Organization) Identification Number)  
8001 Arista Place, Suite 430 Broomfield, CO 80021  
(Address of Principal Executive Offices) (Zip Code)  
(720) 940-2200

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 (§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  No

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if 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

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

Class	Number of Shares Outstanding
Common Stock \$0.001 par value	On May 10, 2013: 3,185,562



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## PART I. FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

## ARCA BIOPHARMA, INC.

(a development stage enterprise)

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2013	December 31, 2012
	(in thousands, except share and per share amounts)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,537	\$ 2,920
Other current assets	456	125
Total current assets	3,993	3,045
Property and equipment, net	22	23
Other assets	124	144
Total assets	\$ 4,139	\$ 3,212
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 377	\$ 65
Accrued compensation and employee benefits	60	103
Accrued expenses and other liabilities	383	121
Deferred rent, current portion	8	16
Total current liabilities	828	305
Total liabilities	828	305
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value; 100 million shares authorized at March 31, 2013 and December 31, 2012; 3,185,562 and 2,660,315 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively.	3	3
Additional paid-in capital	72,373	70,898
Deficit accumulated during the development stage	(69,065)	(67,994)
Total stockholders' equity	3,311	2,907
Total liabilities and stockholders' equity	\$ 4,139	\$ 3,212

See accompanying notes to consolidated financial statements



## ARCA BIOPHARMA, INC.

(a development stage enterprise)

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

	Three Months Ended March 31, 2013	2012	Period from December 17, 2001 (date of inception) to March 31, 2013
	(in thousands, except share and per share amounts)		
Costs and expenses:			
Research and development	\$ 181	\$ 422	\$ 42,858
Selling, general and administrative	889	984	43,472
Merger transaction costs			5,470
Restructuring expense, net			2,413
Loss on impairment of in-process research and development			6,000
Total costs and expenses	1,070	1,406	100,213
Loss from operations	(1,070)	(1,406)	(100,213)
Gain on assignment of patent rights			2,000
Gain on bargain purchase			25,282
Interest and other income			2,028
Interest and other expense	(1)	(1)	(443)
Loss before income taxes	(1,071)	(1,407)	(71,346)
Benefit from income taxes			2,281
Net loss and comprehensive loss	\$ (1,071)	\$ (1,407)	\$ (69,065)
Less: Accretion of redeemable convertible preferred stock			(245)
Less: Deemed preferred stock dividend for additional common shares issuable under anti-dilution provisions			(781)
Net loss attributable to common stockholders	\$ (1,071)	\$ (1,407)	\$ (70,091)
Net loss attributable to common stockholders per share:			
Basic and diluted	\$ (0.35)	\$ (0.69)	
Weighted average shares outstanding:			
Basic and diluted	3,034,763	2,027,716	

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See accompanying notes to consolidated financial statements



## ARCA BIOPHARMA, INC.

(a development stage enterprise)

## CONSOLIDATED STATEMENTS OF PREFERRED STOCK AND STOCKHOLDERS EQUITY (DEFICIT)

(unaudited)

	Preferred Stock				Stockholders Equity (Deficit)			Total
	Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Common stock		Additional Paid In Capital	
	Shares	Amount	Shares	Amount	Shares	Amount		
(in thousands, except share and per share amounts)								
Balance, December 17, 2001 (date of inception)		\$		\$			\$	\$
Issuance of common stock to founders on December 31, 2002, for cash, at \$0.36 per share					2,588		1	
Net loss								(116)
Balance, December 31, 2003					2,588		1	(116)
Issuance of common stock on September 30, 2004, for cash, at \$0.36 per share					19,720		7	
Net loss								(511)
Balance, December 31, 2004					22,308		8	(627)
Issuance of common stock on January 3, 2005, for cash,					2,922		1	

at \$0.36 per share				
Issuance of common stock on January 3, 2005, upon conversion of notes payable and related accrued interest at \$0.36 per share	2,978	1		1
Issuance of common stock on October 14, 2005, for intellectual property license rights, at \$48.84 per share	903	44		44
Issuance of common stock on October 14, 2005, upon conversion of notes payable and related accrued interest	31,095	1,354		1,354
Net loss			(1,459)	(1,459)
Balance, December 31, 2005	60,206	1,408	(2,086)	(678)
Issuance of common stock on February 21, 2006, for intellectual property license rights, at \$4.32 per share	17,372	75		75
Issuance of Series A on February 22, 2006, for cash, at \$1.6265 per share	5,727,354	9,316		

Issuance of Series A on February 22, 2006, upon conversion of notes payable and related accrued interest, at \$1.6265 per share	420,817	684		
Issuance of common stock upon exercise of stock options, for cash			8,019	3
			5	

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Issuance of common stock on February 22, 2006, for intellectual property and product license rights, at \$4.32 per share			13,907	60	60
Issuance of common stock on June 23, 2006, for intellectual property license rights, at \$5.40 per share			2,505	15	15
Issuance of common stock on November 7, 2006, for intellectual property license rights, at \$5.40 per share			38		
Issuance of Series A on December 8, 2006, for cash, at \$1.6265 per share	3,074,086	5,000			
Series A offering costs		(98)			
Share-based compensation				39	39
Accretion of offering costs of redeemable convertible preferred stock		17		(17)	(17)
Net loss					(5,241)
Balance, December 31, 2006	9,222,257	14,919	102,047	1,583	(7,327)
Issuance of Series B convertible redeemable preferred stock, on May 31, 2007 for \$2.439 per share		3,688,902	9,000		
Issuance of Series B convertible redeemable preferred stock, on December 28, 2007 for \$3.253 per share		2,766,677	9,000		
Series B offering Costs				(147)	
Accretion of Series A offering costs		19		(19)	(19)
Accretion of Series B offering costs			18	(18)	(18)
Issuance of common stock for intellectual property license rights, on January 18, 2007 at \$10.08 per share			1,303	13	13
Issuance of common stock for intellectual property license rights, on June 30, 2007 at \$10.80 per share			642	7	7
Issuance of common stock for commercial license rights, on July 19, 2007, vests upon achievement of specified criteria			2,783		
Share-based compensation				50	50
Issuance of shares to executive on February 19, 2007, vesting upon achievement of specified criteria, subject to repurchase			13,915		



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Issuance of common stock upon exercise of stock options for cash					2,227	16	both	16
Net loss						(13,994)		(13,994)
Balance, December 31, 2007	9,222,257	14,938	6,455,579	17,871	122,917	1,632	(21,321)	(19,689)
Accretion of Series A offering costs		20				(20)		(20)
Accretion of Series B offering costs				36		(36)		(36)
Share-based compensation						545		545
Estimated fair value of warrants issued in connection with convertible notes payable						399		399
Issuance of common stock upon exercise of stock options, for cash					36,154	54		54
Net loss						(19,431)		(19,431)
Balance, December 31, 2008	9,222,257	14,958	6,455,579	17,907	159,071	2,574	(40,752)	(38,178)
Adjustment for fractional shares on common conversion					(7)			
Deemed preferred stock dividend for additional common shares issuable under anti-dilution provision				781		(781)		(781)
Accretion of Series A offering costs		42				(42)		(42)
Accretion of Series B offering costs				93		(93)		(93)
Conversion of preferred stock	(9,222,257)	(15,000)	(6,455,579)	(18,781)	507,123	1	33,780	33,781
Restricted stock release from restriction						75		75
Conversion of convertible notes and related accrued interest					145,465	8,501		8,501
Conversion of warrants for preferred stock						36		36
Merger with Nuvelo, Inc.					447,826	11,913		