

INOVIO PHARMACEUTICALS, INC.

Form 10-Q

August 09, 2012

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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, 2012

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):

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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 134,968,394 as of August 2, 2012.

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**INOVIO PHARMACEUTICALS, INC.**

**FORM 10-Q**

**For the Quarterly Period Ended June 30, 2012**

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**Table of Contents****Part I. Financial Information****Item 1. Financial Statements****INOVIO PHARMACEUTICALS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2012 (Unaudited)</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,952,143	\$ 17,350,116
Short-term investments	13,487,062	12,863,420
Accounts receivable	432,108	467,909
Accounts receivable from affiliated entity	33,446	38,406
Prepaid expenses and other current assets	598,482	746,049
Prepaid expenses and other current assets from affiliated entity	813,935	441,186
<b>Total current assets</b>	<b>21,317,176</b>	<b>31,907,086</b>
Restricted cash	100,234	100,059
Fixed assets, net	421,519	295,785
Intangible assets, net	8,393,119	9,310,485
Goodwill	10,113,371	10,113,371
Investment in affiliated entity	7,517,596	9,071,513
Investment in common stock warrants	509,800	100,000
Other assets	223,056	208,262
<b>Total assets</b>	<b>\$ 48,595,871</b>	<b>\$ 61,106,561</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 3,522,672	\$ 4,318,942
Accounts payable and accrued expenses due to affiliated entity	53,613	20,344
Accrued clinical trial expenses	1,160,643	1,059,372
Common stock warrants	5,038,510	5,176,319
Deferred revenue	41,864	79,502
Deferred revenue from affiliated entity	413,542	388,542
<b>Total current liabilities</b>	<b>10,230,844</b>	<b>11,043,021</b>
Deferred revenue, net of current portion	77,643	80,450
Deferred revenue from affiliated entity, net of current portion	1,774,194	1,961,694
Deferred rent	75,224	80,875
Deferred tax liabilities	78,859	78,859
<b>Total liabilities</b>	<b>12,236,764</b>	<b>13,244,899</b>
<b>Stockholders equity:</b>		
<b>Inovio Pharmaceuticals, Inc. stockholders equity:</b>		
Common stock	134,968	134,968
Additional paid-in capital	258,113,218	257,235,707
Accumulated deficit	(222,479,302)	(210,091,174)

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Accumulated other comprehensive income	64,514	35,393
<b>Total Inovio Pharmaceuticals, Inc. stockholders equity</b>	<b>35,833,398</b>	<b>47,314,894</b>
Non-controlling interest	525,709	546,768
Total stockholders equity	36,359,107	47,861,662
<b>Total liabilities and stockholders equity</b>	<b>\$ 48,595,871</b>	<b>\$ 61,106,561</b>

See accompanying notes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
<b>Revenues:</b>				
License fee and milestone revenue	\$ 20,907	\$ 26,456	\$ 45,745	\$ 52,824
License fee and milestone revenue from affiliated entity	106,250	105,208	212,500	198,958
Grant and miscellaneous revenue	308,925	2,288,099	1,870,958	5,273,246
<b>Total revenues</b>	<b>436,082</b>	<b>2,419,763</b>	<b>2,129,203</b>	<b>5,525,028</b>
<b>Operating expenses:</b>				
Research and development	4,527,086	4,463,978	8,569,665	8,885,777
General and administrative	2,696,909	3,092,386	5,184,997	6,411,618
Gain on sale of assets			(651,000)	(250,000)
<b>Total operating expenses</b>	<b>7,223,995</b>	<b>7,556,364</b>	<b>13,103,662</b>	<b>15,047,395</b>
<b>Loss from operations</b>	<b>(6,787,913)</b>	<b>(5,136,601)</b>	<b>(10,974,459)</b>	<b>(9,522,367)</b>
Other income (expense):				
Interest and other income, net	41,036	7,799	72,580	9,654
Change in fair value of common stock warrants	3,594,782	4,898,758	46,609	7,230,626
Loss from investment in affiliated entity	(992,373)	(2,607,227)	(1,553,917)	(2,977,238)
<b>Net loss</b>	<b>(4,144,468)</b>	<b>(2,837,271)</b>	<b>(12,409,187)</b>	<b>(5,259,325)</b>
Net loss attributable to non-controlling interest	11,289	15,112	21,059	24,553
<b>Net loss attributable to Inovio Pharmaceuticals, Inc.</b>	<b>\$ (4,133,179)</b>	<b>\$ (2,822,159)</b>	<b>\$ (12,388,128)</b>	<b>\$ (5,234,772)</b>
<b>Loss per common share basic and diluted:</b>				
<b>Net loss per share attributable to Inovio Pharmaceuticals, Inc. stockholders</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>	<b>\$ (0.09)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding basic and diluted</b>				
	134,968,394	127,256,364	134,968,394	124,124,645

See accompanying notes.

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## INOVIO PHARMACEUTICALS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net loss	\$ (4,144,468)	\$ (2,837,271)	\$ (12,409,187)	\$ (5,259,325)
<b>Other comprehensive income (loss):</b>				
Foreign currency translation adjustments	(10)	579	29,108	493
Unrealized gain (loss) on short-term investments	(482)	(4,679)	13	(6,284)
<b>Comprehensive loss</b>	<b>\$ (4,144,960)</b>	<b>\$ (2,841,371)</b>	<b>\$ (12,380,066)</b>	<b>\$ (5,265,116)</b>

See accompanying notes.



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

	<b>Six Months Ended June 30, 2012</b>	<b>Six Months Ended June 30, 2011</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (12,409,187)	\$ (5,259,325)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	77,187	66,641
Amortization of intangible assets	917,366	940,566
Change in value of common stock warrants	(46,609)	(7,230,626)
Stock-based compensation	877,511	