

CLEVELAND BIOLABS INC  
Form 10-Q  
August 11, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended June 30, 2014**

**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 001-32954**

**CLEVELAND BIOLABS, INC.**

**(Exact name of registrant as specified in its charter)**

**DELAWARE**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**20-0077155**  
**(I.R.S. Employer**  
**Identification No.)**

**73 High Street, Buffalo, New York**  
**(Address of principal executive offices)**

**14203**  
**(Zip Code)**

**(Registrant's telephone number, including area code) (716) 849-6810**

**(Former name, former address and former fiscal year, 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

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  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

As of August 11, 2014, there were 57,110,198 shares outstanding of registrant's common stock, par value \$0.005 per share.

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CLEVELAND BIOLABS INC. AND SUBSIDIARIES

10-Q

August 11, 2014

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In this report, except as otherwise stated or the context otherwise requires, the terms "Cleveland BioLabs" and "CBLI" refer to Cleveland BioLabs, Inc., but not its consolidated subsidiaries and the Company, "we," "us" and "our" refer to Cleveland BioLabs, Inc. together with its consolidated subsidiaries. Our common stock, par value \$0.005 per share, is referred to as "common stock."



Table of Contents**CLEVELAND BIOLABS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
	<b>(unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,103,596	\$ 10,048,466
Short-term investments		305,538
Accounts receivable	392,696	458,391
Other current assets	477,339	344,386
<b>Total current assets</b>	<b>11,973,631</b>	<b>11,156,781</b>
Equipment, net	335,230	457,912
Restricted cash	2,843,413	2,921,724
Other long-term assets	74,663	159,224
<b>Total assets</b>	<b>\$ 15,226,937</b>	<b>\$ 14,695,641</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 719,637	\$ 794,397
Accrued expenses	2,122,690	2,445,446
Deferred revenue	744,500	1,069,438
Accrued warrant liability	1,024,720	1,241,311
Current portion of notes payable	481,903	351,527
Current portion of capital lease obligation	50,827	83,634
<b>Total current liabilities</b>	<b>5,144,277</b>	<b>5,985,753</b>
Noncurrent portion of capital lease obligation		7,522
Long-term debt	3,634,034	7,121,388
Commitments and contingencies		
<b>Total liabilities</b>	<b>8,778,311</b>	<b>13,114,663</b>
Stockholders' equity:		
Preferred stock, \$.005 par value; 10,000,000 shares authorized, 0 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively		
Common stock, \$.005 par value; 160,000,000 shares authorized, 57,110,198 and 45,182,114 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	285,551	225,911
Additional paid-in capital	134,201,257	125,508,471
Accumulated other comprehensive income	236,497	307,339
Accumulated deficit	(141,111,199)	(135,564,666)

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Total Cleveland BioLabs, Inc. stockholders' deficit	(6,387,894)	(9,522,945)
Noncontrolling interest in stockholders' equity	12,836,520	11,103,923
Total stockholders' equity	6,448,626	1,580,978
Total liabilities and stockholders' equity	\$ 15,226,937	\$ 14,695,641

*See Notes to Consolidated Financial Statements*

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**CLEVELAND BIOLABS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	<b>For the Three Months Ended June 30,</b>		<b>or the Six Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>				
Grants and contracts	\$ 562,087	\$ 1,613,262	\$ 1,896,341	\$ 2,980,734
<b>Operating expenses:</b>				
Research and development	2,324,223	5,373,029	4,763,996	10,704,644
General and administrative	2,250,368	3,016,851	4,663,911	6,500,223
Total operating expenses	4,574,591	8,389,880	9,427,907	17,204,867
Loss from operations	(4,012,504)	(6,776,618)	(7,531,566)	(14,224,133)
<b>Other income (expense):</b>				
Interest and other income (expense)	(623,786)	47,809	(941,708)	127,765
Foreign exchange gain (loss)	92,594	46,776	(59,177)	74,910
Change in value of warrant liability	412,125	2,795,612	2,499,683	(652,111)
Total other income (expense)	(119,067)	2,890,197	1,498,798	(449,436)
Net loss	(4,131,571)	(3,886,421)	(6,032,768)	(14,673,569)
Net loss attributable to noncontrolling interests	170,410	844,310	486,235	1,867,135
Net loss attributable to Cleveland BioLabs, Inc.	\$ (3,961,161)	\$ (3,042,111)	\$ (5,546,533)	\$ (12,806,434)
Net loss available to common stockholders per share of common stock, basic and diluted	\$ (0.08)	\$ (0.07)	\$ (0.11)	\$ (0.29)
Weighted average number of shares used in calculating net loss per share, basic and diluted	51,891,629	44,948,591	50,935,194	44,887,920

*See Notes to Consolidated Financial Statements*

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**CLEVELAND BIOLABS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(UNAUDITED)**

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net loss including noncontrolling interests	\$ (4,131,571)	\$ (3,886,421)	\$ (6,032,768)	\$ (14,673,569)
Other comprehensive loss				
Foreign currency translation adjustment	199,052	(282,622)	(92,414)	(440,069)
Comprehensive loss including noncontrolling interests	(3,932,519)	(4,169,043)	(6,125,182)	(15,113,638)
Comprehensive loss attributable to noncontrolling interests	90,531	961,118	507,807	2,049,198
Comprehensive loss attributable to Cleveland BioLabs, Inc.	\$ (3,841,988)	\$ (3,207,925)	\$ (5,617,375)	\$ (13,064,440)

*See Notes to Consolidated Financial Statements*



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**CLEVELAND BIOLABS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY**  
**(UNAUDITED)**

	Common Stock		Additional	Accumulated Other	Comprehensive	Accumulated	Noncontrolling	Total
	Shares	Amount	Paid-in Capital	Income (Loss)	Deficit	Interests		
Balance at January 1, 2014	45,182,114	\$ 225,911	\$ 125,508,471	\$ 307,339	\$ (135,564,666)	\$ 11,103,923	\$ 1,580,978	
Stock based compensation			476,441				476,441	
Issuance of shares for compensation	22,978	115	15,510				15,625	
Issuance of common stock, net of offering costs of \$697,882	11,905,106	59,525	9,742,593				9,802,118	
Allocation of equity proceeds to fair value of warrants			(2,216,593)				(2,216,593)	
Noncontrolling interest capital contribution			674,835			2,240,404	2,915,239	
Net loss					(5,546,533)	(486,235)	(6,032,768)	
Foreign currency translation				(70,842)		(21,572)	(92,414)	
Balance at June 30, 2014	57,110,198	\$ 285,551	\$ 134,201,257	\$ 236,497	\$ (141,111,199)	\$ 12,836,520	\$ 6,448,626	

*See Notes to Consolidated Financial Statements*

**Table of Contents****CLEVELAND BIOLABS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

	<b>For the Six Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (6,032,768)	\$ (14,673,569)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation	107,958	189,840
Amortization	578,513	
Loss on equipment disposal	24,685	
Noncash compensation	182,617	1,122,857
Warrant issuance costs	171,116	
Change in value of warrant liability	(2,499,683)	652,111
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	76,532	(1,155,910)
Other current assets	(132,834)	303,845
Other long-term assets	15,879	(16,801)
Accounts payable	(47,251)	(322,004)
Deferred revenue	(284,847)	(661,811)
Accrued expenses	114,081	437,647
<b>Net cash used in operating activities</b>	<b>(7,726,002)</b>	<b>(14,123,795)</b>
<b>Cash flows from investing activities:</b>		
Sale of short-term investments	285,881	2,256,834
Purchase of equipment	(10,803)	(85,800)
<b>Net cash provided by investing activities</b>	<b>275,078</b>	<b>2,171,034</b>
<b>Cash flows from financing activities:</b>		
Issuance of common stock, net of offering costs	9,697,501	
Repayment of long-term debt	(4,000,000)	
Noncontrolling interest capital contribution to Incuron, LLC	2,915,239	
Exercise of options		12,392
Repayment of capital lease obligation	(40,329)	(40,568)
<b>Net cash provided by (used in) financing activities</b>	<b>8,572,411</b>	<b>(28,176)</b>
Effect of exchange rate change on cash and equivalents	(66,357)	(425,749)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,055,130</b>	<b>(12,406,686)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,048,466</b>	<b>25,652,083</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 11,103,596</b>	<b>\$ 13,245,397</b>

Supplemental disclosure of cas