

CLEVELAND BIOLABS INC
Form 10-Q
November 12, 2009

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 September 30, 2009

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

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

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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 November 10, 2009, there were 20,127,792 shares outstanding of registrant's common stock, par value \$0.005 per share

CLEVELAND BIOLABS INC
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In this report, "Cleveland BioLabs," "CBLI," "we," "us" and "our" refer to Cleveland BioLabs, Inc. Our common stock, par value \$0.005 per share is referred to as "common stock."

CLEVELAND BIOLABS, INC.

BALANCE SHEETS

September 30, 2009 (unaudited) and December 31, 2008

	September 30 2009 (unaudited)	December 31 2008
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 2,097,592	\$ 299,849
Short-term investments	-	1,000,000
Accounts receivable:		
Trade	2,723,227	1,043,821
Interest	-	9,488
Other prepaid expenses	420,284	510,707
Total current assets	5,241,103	2,863,865
EQUIPMENT		
Computer equipment	314,058	309,323
Lab equipment	1,124,277	1,102,465
Furniture	333,980	312,134
	1,772,315	1,723,922
Less accumulated depreciation	905,914	637,840
	866,401	1,086,082
OTHER ASSETS		
Intellectual property	860,622	733,051
Deposits	23,482	23,482
	884,104	756,533
TOTAL ASSETS	\$ 6,991,608	\$ 4,706,480

CLEVELAND BIOLABS, INC.

BALANCE SHEETS

September 30, 2009 (unaudited) and December 31, 2008

	September 30 2009 (unaudited)	December 31 2008
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,278,287	\$ 1,101,961
Deferred revenue	3,333,295	2,365,312
Dividends payable	-	321,293
Accrued expenses	108,936	379,653
Accrued warrant liability	12,582,110	-
Total current liabilities	17,302,628	4,168,219
STOCKHOLDERS' EQUITY		
Preferred stock, \$.005 par value		
Authorized - 10,000,000 shares at September 30, 2009 and December 31, 2008		
Series B convertible preferred stock,		
Issued and outstanding 0 and 3,160,974		
shares at September 30, 2009 and December 31, 2008, respectively	-	15,805
Series D convertible preferred stock,		
Issued and outstanding 495.25 and 0		
shares at September 30, 2009 and December 31, 2008, respectively	2	-
Common stock, \$.005 par value		
Authorized - 80,000,000 and 40,000,000 shares at September 30, 2009 and December 31, 2008, respectively		
Issued and outstanding 19,460,954 and 13,775,805		
shares at September 30, 2009 and December 31, 2008, respectively	97,305	68,879
Additional paid-in capital	61,078,135	56,699,750
Accumulated deficit	(71,486,462)	(56,246,173)
Total stockholders' equity (deficit)	(10,311,020)	538,261
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,991,608	\$ 4,706,480

CLEVELAND BIOLABS, INC.

STATEMENT OF OPERATIONS

Three and Nine Months Ending September 30, 2009 and 2008 (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30	September 30	September 30	September 30
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUES				
Grant and contract	\$ 3,223,094	\$ 1,851,419	\$ 9,717,803	\$ 3,082,119
Service	-	-	-	120,000
	3,223,094	1,851,419	9,717,803	3,202,119
OPERATING EXPENSES				
Research and development	3,327,609	3,485,430	10,602,591	9,719,519
Selling, general and administrative	986,569	1,240,142	3,945,595	4,425,792
Total operating expenses	4,314,178	4,725,572	14,548,186	14,145,311
LOSS FROM OPERATIONS	(1,091,084)	(2,874,153)	(4,830,383)	(10,943,192)
OTHER INCOME				
Interest income	2,046	49,450	19,303	244,593
Buffalo relocation reimbursement	-	-	-	220,000
Sublease revenue	11,337	2,656	20,348	7,970
Gain on disposal of fixed assets	-	-	-	1,394
Gain on investment	-	-	-	3,292
Total other income	13,383	52,106	39,651	477,249
OTHER EXPENSE				
Warrant issuance costs	-	-	266,970	-
Corporate relocation	-	8,933	-	142,638
Interest expense	-	-	1,960	-
Change in value of warrant liability	4,111,578	-	9,565,276	-
Total other expense	4,111,578	8,933	9,834,206	142,638
NET LOSS	\$ (5,189,279)	\$ (2,830,980)	\$ (14,624,938)	\$ (10,608,581)
DIVIDENDS ON CONVERTIBLE PREFERRED STOCK	(123,900)	(317,814)	(615,352)	(898,260)
NET LOSS AVAILABLE TO COMMON SHAREHOLDERS	\$ (5,313,179)	\$ (3,148,794)	\$ (15,240,290)	\$ (11,506,841)
NET LOSS AVAILABLE TO COMMON SHAREHOLDERS				

PER SHARE OF COMMON STOCK - BASIC AND DILUTED	\$ (0.33)	\$ (0.23)	\$ (1.00)	\$ (0.86)
WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATING NET LOSS PER SHARE, BASIC AND DILUTED	15,878,331	13,605,822	15,184,785	13,415,376

CLEVELAND BIOLABS, INC.

STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2009 and 2008 (unaudited)

	September 30 2009 (unaudited)	September 30 2008 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (14,624,938)	\$ (10,608,581)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	268,074	239,339
Noncash salaries and consulting expense	2,113,965	1,150,692
Loss on abandoned patents	23,984	-
Series D warrant issuance costs	266,970	-
Change in value of warrant liability	9,565,276	-
Changes in operating assets and liabilities:		
Accounts receivable - trade	(1,679,406)	(1,205,216)
Accounts receivable - interest	9,488	44,643
Other prepaid expenses	90,423	(249,748)
Deposits	-	1,964
Accounts payable	176,326	1,060,807
Deferred revenue	967,983	760,497
Accrued expenses	(270,717)	(97,848)
Milestone payments	-	-
Total adjustments	11,532,366	1,705,130
Net cash (used in) provided by operating activities	(3,092,572)	(8,903,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of short-term investments	1,000,000	-
Purchase of equipment	(48,393)	(153,253)
Costs of patents pending	(151,555)	(263,284)
Net cash (used in) provided by investing activities	800,052	(416,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Series D preferred stock and warrants	5,428,307	