

ACELRX PHARMACEUTICALS INC
Form 10-Q
November 05, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 30, 2013

or

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

For the transition period from to

Commission File Number: 001-35068

ACELRX PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

41-2193603
(IRS Employer
Identification No.)

351 Galveston Drive

Redwood City, CA 94063

(650) 216-3500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

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 (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 Exchange Act Rule 12b-2) Yes No

As of October 15, 2013, the number of outstanding shares of the registrant's common stock was 43,039,269.

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ACELRX PHARMACEUTICALS, INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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AcelRx Pharmaceuticals, Inc.

(A Development Stage Company)

Condensed Balance Sheets

(In thousands, except share data)

	September 30, 2013 (Unaudited)	December 31, 2012 ⁽¹⁾
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 60,795	\$ 47,932
Investments	15,173	11,831
Prepaid expenses and other current assets	1,031	2,003
Total current assets	76,999	61,766
Property and equipment, net	3,412	2,485
Restricted cash	250	205
Other assets		64
TOTAL ASSETS	\$ 80,661	\$ 64,520
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,248	\$ 2,235
Accrued liabilities	3,046	4,653
Long-term debt, current portion	8,134	7,443
Total current liabilities	12,428	14,331
Deferred rent	220	312
Long-term debt, net of current portion	2,385	8,530
Contingent put option liability	32	82
Warrant liability	12,391	7,418
Total liabilities	27,456	30,673
STOCKHOLDERS EQUITY:		
Common stock, \$0.001 par value 100,000,000 shares authorized as of September 30, 2013 and December 31, 2012; 43,039,269 and 37,055,027 shares issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	43	37
Additional paid-in capital	216,380	155,836
Deficit accumulated during the development stage	(163,222)	(122,027)
Accumulated other comprehensive income (loss)	4	1
Total stockholders equity	53,205	33,847
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 80,661	\$ 64,520

- (1) The condensed balance sheet as of December 31, 2012 has been derived from the audited financial statements as of that date included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.
See notes to condensed financial statements.

Table of Contents**AcelRx Pharmaceuticals, Inc.****(A Development Stage Company)****Condensed Statements of Comprehensive Loss****(Unaudited)****(In thousands, except share and per share data)**

	Three Months Ended September 30,		Nine Months Ended September 30,		Period from July 13, 2005 (Inception) Through September 30, 2013
	2013	2012	2013	2012	2013
Research grant revenue	\$ 548	\$ 166	\$ 1,895	\$ 719	\$ 5,361
Operating expenses:					
Research and development	6,548	6,948	21,974	17,113	114,303
General and administrative	2,310	1,410	6,571	5,290	33,064
Total operating expenses	8,858	8,358	28,545	22,403	147,367
Loss from operations	(8,310)	(8,192)	(26,650)	(21,684)	(142,006)
Interest expense	(348)	(573)	(1,205)	(1,765)	(8,927)
Other income (expense), net	(2,328)	183	(13,340)	608	(12,289)
Net loss	(10,986)	(8,582)	(41,195)	(22,841)	(163,222)
Other comprehensive loss:					
Unrealized gains on available for sale securities	5	4	3	1	4
Comprehensive loss	\$ (10,981)	\$ (8,578)	\$ (41,192)	\$ (22,840)	\$ (163,218)
Net loss per share of common stock, basic and diluted	\$ (0.26)	\$ (0.38)	\$ (1.07)	\$ (1.09)	
Shares used to compute basic and diluted net loss per share of common stock	41,462,425	22,632,573	38,635,370	20,961,886	

See notes to condensed financial statements.

Table of Contents**AcelRx Pharmaceuticals, Inc.****(A Development Stage Company)****Condensed Statements of Cash Flows****(Unaudited)****(In thousands)**

	Nine Months Ended September 30, 2013	2012	Period from July 13, 2005 (Inception) Through September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (41,195)	\$ (22,841)	\$ (163,222)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	439	467	3,122
Amortization of premium/discount on investments, net	134	339	709
Interest expense related to debt financing	359	497	3,833
Stock-based compensation	2,435	1,633	8,931
Revaluation of convertible preferred stock warrant, PIPE warrant, call option and put option liabilities	13,612	(606)	14,967
Other		38	33
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	1,012	459	458
Restricted cash	(45)		(250)
Accounts payable	(987)	1,328	1,247
Accrued liabilities	(1,615)	(478)	1,292
Deferred rent	(84)	381	340
Net cash used in operating activities	(25,935)	(18,783)	(128,540)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(1,366)	(723)	(6,580)
Purchase of investments	(25,704)	(23,528)	(137,538)
Proceeds from sale of investments			21,815
Proceeds from maturity of investments	22,232	31,527	99,896
Net cash provided by (used in) investing activities	(4,838)	7,276	(22,407)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock in equity offerings, net of offering costs	47,944	9,077	136,057
Proceeds from the issuance of long-term debt			32,383
Payments of long-term debt	(5,789)	(1,806)	(22,665)
Proceeds from issuance of convertible promissory notes			