

GLYCOMIMETICS INC
Form 10-Q
July 31, 2014
Table of Contents

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 001-36177

GlycoMimetics, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

06-1686563
(I.R.S. Employer
Identification No.)

401 Professional Drive, Suite 250

Gaithersburg, Maryland
(Address of principal executive offices)

20879
(Zip Code)

(240) 243-1201

(Registrant's telephone number, including area code)

N/A

(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 Website, 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 Securities Exchange Act of 1934.

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 Securities Exchange Act of 1934). Yes No

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of the close of business on July 29, 2014 was 18,893,464.

Table of Contents

GLYCOMIMETICS, INC.

INDEX TO FORM 10-Q

	PAGE
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	3
<u>Balance Sheets as of June 30, 2014 (unaudited) and December 31, 2013</u>	3
<u>Unaudited Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2014 and 2013</u>	4
<u>Unaudited Statements of Cash Flows for the six months ended June 30, 2014 and 2013</u>	5
<u>Notes to Unaudited Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	30
<u>Item 4. Controls and Procedures</u>	30
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	32
<u>Item 1A. Risk Factors</u>	32
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	56
<u>Item 6. Exhibits</u>	57
<u>Signatures</u>	58

Table of Contents**Part I. FINANCIAL INFORMATION****Item 1. Financial Statements****GLYCOMIMETICS, INC.****Balance Sheets**

	June 30, 2014 (unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 66,217,242	\$ 2,310,603
Prepaid expenses and other current assets	881,714	2,573,072
Total current assets	67,098,956	4,883,675
Property and equipment, net	420,640	399,799
Total assets	\$ 67,519,596	\$ 5,283,474
Liabilities & stockholders equity		
Current liabilities:		
Accounts payable	\$ 472,161	\$ 1,144,895
Accrued bonuses	372,756	344,467
Accrued expenses	2,640,591	685,746
Current portion of deferred rent	111,397	104,191
Total current liabilities	3,596,905	2,279,299
Deferred rent	38,837	96,756
Total liabilities	3,635,742	2,376,055
Stockholders equity:		
Preferred Stock; \$0.001 par value; 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2014 and December 31, 2013		
Series A-1 Convertible Preferred Stock; \$0.001 par value; no shares authorized, issued or outstanding at June 30, 2014; 60,342,745 shares authorized, 30,726,326 shares issued and outstanding at December 31, 2013		30,726
Common stock; \$0.001 par value; 100,000,000 authorized, 18,893,464 issued and outstanding at June 30, 2014; 70,258,276 authorized; 1,426,593 shares issued and outstanding at December 31, 2013	18,894	1,428
Additional paid-in capital	124,250,499	66,150,674
Accumulated deficit	(60,385,539)	(63,275,409)
Total stockholders equity	63,883,854	2,907,419

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Total liabilities and stockholders' equity	\$ 67,519,596	\$ 5,283,474
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The accompanying notes are an integral part of the unaudited financial statements.

Table of Contents**GLYCOMIMETICS, INC.****Unaudited Statements of Operations and Comprehensive Income (Loss)**

	Three Months Ended June 30,		Six	
	2014	2013	Months Ended June 30,	2013
Revenue	\$ 15,027,004	\$ 55,074	\$ 15,027,004	\$ 3,862,665
Costs and expenses:				
Research and development	5,357,696	2,883,777	9,239,417	5,626,709
General and administrative	1,605,092	668,253	2,829,995	1,274,192
Total costs and expenses	6,962,788	3,552,030	12,069,412	6,900,901
Income (loss) from operations	8,064,216	(3,496,956)	2,957,592	(3,038,236)
Other income (expense)	4,263	(104)	9,036	865
Income (loss) and comprehensive income (loss) before income taxes	8,068,479	(3,497,060)	2,966,628	(3,037,371)
Income tax expense	76,758		76,758	
Net income (loss) and net comprehensive income (loss)	\$ 7,991,721	\$ (3,497,060)	\$ 2,889,870	\$ (3,037,371)
Basic net income (loss) per common share	\$ 0.42	\$ (3.70)	\$ 0.16	\$ (3.24)
Diluted net income (loss) per common share	\$ 0.39	\$ (3.70)	\$ 0.15	\$ (3.24)
Basic weighted average number of common shares	18,807,675	946,363	18,020,121	938,446
Diluted weighted average number of common shares	20,238,343	946,363	19,472,995	938,446

The accompanying notes are an integral part of the unaudited financial statements.

Table of Contents**GLYCOMIMETICS, INC.****Unaudited Statements of Cash Flows**

	Six Months Ended June 30,	
	2014	2013
Operating activities		
Net income (loss)	\$ 2,889,870	\$ (3,037,371)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	73,472	64,319
Loss on disposal of property and equipment	1,424	
Compensation expense from stock option grants	710,643	217,674
Changes in assets and liabilities:		
Prepaid expenses and other current assets	1,691,358	237,551
Accounts payable	(672,734)	(215,635)
Accrued expenses	1,983,134	56,320
Deferred revenue		(3,862,665)
Deferred rent	(50,713)	(44,301)
Net cash provided by (used in) operating activities	6,626,454	(6,584,108)
Investing activities		
Purchases of property and equipment	(95,737)	(30,492)
Net cash used in investing activities	(95,737)	(30,492)
Financing activities		
Proceeds from issuance of common stock, net of issuance costs	57,248,219	
Proceeds from exercise of stock options and warrants	127,703	19,750
Net cash provided by financing activities	57,375,922	19,750
Net change in cash and cash equivalents	63,906,639	(6,594,850)
Cash and cash equivalents, beginning of period	2,310,603	17,372,832
Cash and cash equivalents, end of period	\$ 66,217,242	\$ 10,777,982
Supplemental schedule of noncash financing activities:		
Conversion of Series A-1 Convertible Preferred Stock to Common Stock	\$ 38,805,055	\$

The accompanying notes are an integral part of the unaudited financial statements.

Table of Contents

GLYCOMIMETICS, INC.

Notes to Unaudited Financial Statements

1. Description of the Business – Planned Commercial Operations Have Not Commenced

GlycoMimetics, Inc. (the Company) is a business that has not commercialized any of its product candidates. The Company was incorporated in Delaware on April 4, 2003 and commenced operations on May 21, 2003. The Company is headquartered in Gaithersburg, Maryland.

The Company is a clinical stage biotechnology company focused on the discovery and development of novel glycomimetic drugs to address unmet medical needs resulting from diseases in which carbohydrate biology plays a key role. Glycomimetics are molecules that mimic the structure of carbohydrates involved in important biological processes. Using its expertise in carbohydrate chemistry and knowledge of carbohydrate biology, the Company is developing a pipeline of proprietary glycomimetics that inhibit disease-related functions of carbohydrates, such as the roles they play in inflammation, cancer and infection.

The Company's executive personnel have devoted substantially all of their time to date to the planning and organization of the Company, the process of hiring scientists, initiating research and development programs and securing adequate capital for anticipated growth and operations. The Company is subject to a number of risks similar to those of other companies in similar development stages, including dependence on key individuals, the need to develop commercially viable products, competition from other companies, many of whom are larger and better capitalized, and the need to obtain adequate additional financing to fund the development of its product candidates. The Company has incurred significant operating losses since inception and has relied on its ability to fund its operations through private and public equity financings, and management expects operating losses and negative operating cash flows to continue for the foreseeable future. As the Company continues to incur losses, transition to profitability is dependent upon the successful development, approval, and commercialization of its product candidates and achieving a level of revenues adequate to support the Company's cost structure. The Company may never achieve profitability, and unless and until it does, the Company will continue to need to raise additional capital. Management intends to fund future operations through additional public or private equity or debt offerings and may seek additional capital through arrangements with strategic partners or from other sources.

Initial Public Offering

On January 15, 2014, the Company completed an initial public offering of its common stock, which resulted in the sale of 8,050,000 shares, including all additional shares available to cover over-allotments, at a price to the public of \$8.00 per share. The Company received net proceeds of approximately \$57.2 million.

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements were prepared based on the accrual method of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Unaudited Financial Statements

The accompanying balance sheet as of June 30, 2014, statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2014 and 2013 and cash flows for the six months ended June 30, 2014 and 2013 are unaudited. These unaudited financial statements have been prepared in accordance with the rules and regulations for the United States Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete annual financial statements. These financial statements should be read in conjunction with the audited financial statements and the accompanying notes for the year ended December 31, 2013 contained in the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2014. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of June 30, 2014, the results of operations for the three and six months ended June 30, 2014 and 2013 and cash flows for the six months ended June 30, 2014 and 2013. The December 31, 2013 balance sheet included herein was derived from audited financial statements, but does not include all disclosures including notes required by GAAP for complete annual financial statements. The financial data and other information disclosed in these notes to the financial statements related to the three and six months ended June 30, 2014 and 2013 are unaudited. Interim results are not necessarily indicative of results for an entire year.

Table of Contents

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one segment, which is the identification and development of glycomimetic compounds.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Although actual results could differ from those estimates, management does not believe that such differences would be material.

Cash and Cash Equivalents

Cash and cash equivalents consist of certificates of deposit and investment in money market funds with commercial banks and financial institutions. The Company considers all investments in highly liquid financial instruments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are stated at amortized cost, plus accrued interest, which approximates fair value.

Restricted Cash

The Company is required to maintain certificates of deposit that serve as collateral for operating leases and credit card accounts. Amounts classified as restricted cash were \$83,000 at June 30, 2014 and December 31, 2013, and are presented within prepaid expenses and other current assets.

Fair Value Measurements

The Company's financial instruments include cash and cash equivalents. The fair values of the financial instruments approximated their carrying values at June 30, 2014 and December 31, 2013, due to their short-term maturities. The Company accounts for recurring and nonrecurring fair value measurements in accordance with ASC 820, *Fair Value Measurements*. ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosures about fair value measurements. The ASC hierarchy ranks the quality of reliability of inputs, or assumptions, used in the determination of fair value, and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

Level 1 Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.

Level 2 Fair value is determined by using inputs, other than Level 1 quoted prices that are directly and indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models that can be corroborated by observable market data.

Level 3 Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgments to be made by a reporting entity. In instances where the determination of the fair value measurement is based on inputs from different levels of fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

The Company periodically evaluates financial assets and liabilities subject to fair value measurements to determine the appropriate level at which to classify them each reporting period. This determination requires the Company to make subjective judgments as to the significance of inputs used in determining fair value and where such inputs lie within the ASC 820 hierarchy.

The Company had no assets or liabilities that were measured using quoted prices for similar assets and liabilities or significant unobservable inputs (Level 2 and Level 3 assets and liabilities, respectively) as of June 30, 2014 and December 31, 2013. The carrying value of cash held in money market funds of approximately \$64.1 million and \$2.2 million as of June 30, 2014 and December 31, 2013, respectively, is included in cash and cash equivalents and approximates market values based on quoted market prices (Level 1 inputs).

Table of Contents***Concentration of Credit Risk***

Credit risk represents the risk that the Company would incur a loss if counterparties failed to perform pursuant to the terms of their agreements. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents consist of certificates of deposit and money market funds with major financial institutions in the United States. These deposits and funds may be redeemed upon demand and, therefore, bear minimal risk. The Company does not anticipate any losses on such balances.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over estimated useful lives ranging from one to five years. Upon retirement or disposition of assets, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations. Expenditures for repairs and maintenance are charged to operations as incurred; major replacements that extend the useful life are capitalized. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

	ESTIMATED USEFUL LIVES
Furniture and fixtures	2 5 years
Laboratory equipment	1 5 years
Office equipment	1 5 years
Computer equipment	1 5 years
Leasehold improvements	Shorter of lease term or useful life

Impairment of Long-Lived Assets

The Company periodically assesses the recoverability of the carrying value of its long-lived assets in accordance with the provisions of ASC 360, *Property, Plant, and Equipment*. ASC 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying value exceeds the sum of undiscounted cash flows, the Company then determines the fair value of the underlying asset. Any impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. As of June 30, 2014 and December 31, 2013, the Company determined that there were no impaired assets and had no assets held for sale.

Revenue Recognition

From time to time, the Company is awarded reimbursement contracts for services and development grant contracts with government and non-government entities and philanthropic organizations. Under these contracts, the Company typically is reimbursed for the costs in connection with specific development activities. The Company recognizes revenue to the extent of costs incurred in connection with performance under such grant arrangements.

The Company has entered into a collaborative research and development agreement with Pfizer Inc. (Pfizer). The agreement is in the form of a license agreement. The agreement called for a nonrefundable up-front payment and milestone payments upon achieving significant milestone events. The agreement also contemplates royalty payments

on future sales of an approved product. There are no performance, cancellation, termination, or refund provisions in the arrangement that contain material financial consequences to the Company.

The primary deliverable under this arrangement is an exclusive worldwide license to the Company's rivipansel compound (previously referred to by the Company as GMI-1070), but the arrangement also includes deliverables related to research and preclinical development activities to be performed by the Company on Pfizer's behalf.

Collaborative research and development agreements can provide for one or more of up-front license fees, research payments, and milestone payments. Agreements with multiple components (deliverables or items) are evaluated according to the provisions of ASC 605-25, *Revenue Recognition Multiple-Element Arrangements*, to determine whether the deliverables can be separated into more than one unit of accounting. An item can generally be considered a separate unit of accounting if all of the following criteria are met: (1) the delivered item(s) has value to the customer on a stand-alone basis and (2) if the arrangement includes a general right of

Table of Contents

return relative to the delivered item(s) then delivery or performance of the undelivered item(s) is considered probable and substantially in control of the Company. Items that cannot be divided into separate units are combined with other units of accounting, as appropriate. Consideration received is allocated among the separate units based on selling price hierarchy. The selling price hierarchy for each deliverable is based on (i) vendor-specific objective evidence (VSOE), if available; (ii) third-party evidence (TPE) of selling price if VSOE is not available; or (iii) an estimated selling price, if neither VSOE nor third-party evidence is available. Management was not able to establish VSOE or TPE for separate unit deliverables, as the Company does not have a history of entering such arrangements or selling the individual deliverables within such arrangements separately. In addition, there may be significant differentiation in these arrangements, which indicates that comparable third-party pricing may not be available. Management determined that the selling price for the deliverables within the Pfizer collaboration agreement should be determined using its best estimate of selling price. The process of determining the best estimate of selling price involved significant judgment on the Company's part and included consideration of multiple factors such as estimated direct expenses, other costs, and available clinical development data.

The Company adopted the aforementioned accounting standard for multiple-element arrangements effective January 1, 2011. Pursuant to this standard, each required deliverable under the Pfizer collaboration agreement is evaluated to determine whether it qualifies as a separate unit of accounting. Factors considered in this determination include the research capabilities of Pfizer, the proprietary nature of the license and know-how, and the availability of the Company's glycomimetics technology research expertise in the general marketplace. Based on all relevant facts and circumstances and, most significantly, on the proprietary nature of the Company's technology and the related proprietary nature of the Company's research services, management concluded that stand-alone value does not exist for the license, and therefore, the license is not a separate unit of accounting under the contract and will be combined with the research and development services (including participation on a joint steering committee).

As such, the up-front payment received of \$22.5 million was recognized as revenue over the expected development period through March 2013. The determination of the length of the period over which to defer revenue and the methodology by which to recognize the related revenues is subject to judgment and estimation. Consistent with the research plan developed by and agreed to by both parties, management estimates that the research activities and participation on the joint steering committees will occur over a 1.5-year period. Revenues associated with the up-front license fee are recognized over this period using a straight-line method, which is consistent with expected completion of the research services.

Effective January 1, 2011, the Company also adopted ASC 605-28, *Revenue Recognition Milestone Method*. Under this guidance, at the inception of agreements that include milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. In making this assessment, the Company evaluates factors such as scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the agreement. Non-refundable development and regulatory milestones that are expected to be achieved as a result of the Company's efforts during the period of substantial involvement are recognized as revenue upon the achievement of the milestone, assuming all other revenue recognition criteria are met. Milestones that are not considered substantive because the Company does not contribute effort to the achievement of such milestones are generally achieved after the period of substantial involvement and are recognized as revenue upon achievement of the milestone, as there are no undelivered elements remaining and no continuing performance obligation, assuming all

other revenue recognition criteria are met. In May 2014, the Company recognized \$15.0 million in revenue as a result of the first milestone payment received from Pfizer.

Research and Development Costs

Except for payments made in advance of services, research and development costs are expensed as incurred. For payments made in advance, the Company recognizes research and development expense as the services are rendered. Research and development costs primarily consist of salaries and related expenses for personnel, laboratory supplies and raw materials, sponsored research, depreciation of laboratory facilities and leasehold improvements, and utilities costs related to research space. Other research and development expenses include fees paid to consultants and outside service providers.

Stock-Based Compensation

Stock-based payments are accounted for in accordance with the provisions of ASC 718, *Compensation - Stock Compensation*. The fair value of stock-based payments is estimated, on the date of grant, using the Black-Scholes-Merton model. The resulting fair value is recognized ratably over the requisite service period, which is generally the vesting period of the option.

Table of Contents

The Company has elected to use the Black-Scholes-Merton option pricing model to value any options granted. The Company will reconsider use of the Black-Scholes-Merton model if additional information becomes available in the future that indicates another model would be more appropriate or if grants issued in future periods have characteristics that prevent their value from being reasonably estimated using this model.

A discussion of management's methodology for developing some of the assumptions used in the valuation model follows:

Fair Value of Common Stock Prior to the Company's initial public offering in January 2014, the Company had no active public market for its common stock. In the absence of a public trading market, and as a clinical-stage company with no significant revenues, the Company believed that it was appropriate to consider a range of factors to determine the fair market value of the common stock at each grant date. In determining the fair value of its common stock, the Company used methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants' (AICPA) Audit and Accounting Practice Aid Series: *Valuation of Privately Held Company Equity Securities Issued as Compensation* (the AICPA Practice Guide). In addition, the Company considered various objective and subjective factors, along with input from the independent third-party valuation firm. The factors included (1) the achievement of clinical and operational milestones by the Company; (2) the status of strategic relationships with collaborators; (3) the significant risks associated with the Company's stage of development; (4) capital market conditions for life science companies, particularly similarly situated, privately held, early-stage life science companies; (5) the Company's available cash, financial condition, and results of operations; (6) the most recent sales of the Company's preferred stock; and (7) the preferential rights of the outstanding preferred stock.

Expected Dividend Yield The Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

Expected Volatility Volatility is a measure of the amount by which a financial variable such as share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company does not maintain an internal market for its shares, and prior to its initial public offering the shares were not traded publicly. The Company utilizes the historical volatilities of a peer group (e.g., several public entities of similar size, complexity, and stage of development) to determine its expected volatility.

Risk-Free Interest Rate This is the U.S. Treasury rate for the week of each option grant during the year, having a term that most closely resembles the expected life of the option.

Expected Term This is a period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of 10 years. The Company estimates the expected life of the option term to be 6.25 years. The Company uses a simplified method to calculate the average expected term.

Expected Forfeiture Rate The forfeiture rate is the estimated percentage of options granted that is expected to be forfeited or canceled on an annual basis before becoming fully vested. The Company estimates the forfeiture rate based on turnover data with further consideration given to the class of the employees to whom the options were granted.

Equity instruments issued to nonemployees are accounted for under the provisions of ASC 718, *Compensation Stock Compensation*, and ASC 505-50, *Equity Equity-Based Payments to Non-Employees*. Accordingly, the estimated fair value of the equity instrument is recorded on the earlier of the performance commitment date or the date the services are completed and are marked to market during the service period.

Net Income (Loss) Per Share

Basic net income (loss) per common share is determined by dividing net income (loss) by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common stock equivalents outstanding for the period. The treasury stock method is used to determine the dilutive effect of the Company's stock option grants and warrants and the if-converted method is used to determine the dilutive effect of the Company's Series A-1 convertible preferred stock.

Table of Contents

Basic and diluted income (loss) per common share is computed as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income (loss)	\$ 7,991,721	\$ (3,497,060)	\$ 2,889,870	\$ (3,037,371)
Income (loss) per share-basic	\$ 0.42	\$ (3.70)	\$ 0.16	\$ (3.24)
Income (loss) per share-diluted	\$ 0.39	\$ (3.70)	\$ 0.15	\$ (3.24)
Basic weighted average common shares outstanding	18,807,675	946,363	18,020,121	938,446
Diluted weighted average common shares outstanding	20,238,343	946,363	19,472,995	938,446

The following common stock equivalents are included in the calculation of diluted net income (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Warrants		611,698	613,345	
Stock options		818,970	839,529	

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted average shares outstanding, as they would be anti-dilutive:

Three Months Ended June 30, 2014 **Six Months Ended June 30, 2014**