GeoVax Labs, Inc.
Form 10-Q
November 10, 2011

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 September 30, 2011

OR

o 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 000-52091

GEOVAX LABS, INC.
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	87-0455038 (I.R.S. Employer Identification No.)
1900 Lake Park Drive Suite 380 Smyrna, Georgia (Address of principal executive offices)	30080 (Zip Code)

(678) 384-7220
(Registrant's telephone number, including area code)

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 x No o

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 x No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer o Accelerated filer o

Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes x No o

As of November 10, 2011, 15,784,091 shares of the Registrant's common stock, $.001 par value, were issued and outstanding.

GEOVAX LABS, INC.

Index

Part 1 -- FINANCIAL INFORMATION

Item 1 Financial Statements

GEOVAX LABS, INC.
(A DEVELOPMENT-STAGE ENTERPRISE)
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$566,657	$1,079,087
Grant funds receivable	424,914	474,275
Prepaid expenses and other	12,425	48,830
Total current assets	1,003,996	1,602,192
Property and equipment, net of accumulated depreciation and amortization of $334,566 and $271,953 at September 30, 2011 and December 31, 2010, respectively	185,828	248,441
Other assets:		
Licenses, net of accumulated amortization of $202,711 and $184,047 at September 30, 2011 and December 31, 2010, respectively	46,145	64,809
Deferred offering costs	564,596	430,402
Deposits and other	11,990	11,990
Total other assets	622,731	507,201
Total assets	$1,812,555	$2,357,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$164,942	$338,628
Amounts payable to Emory University (a related party)	485,117	182,980
Total current liabilities	650,059	521,608
Commitments (Note 4)		
Stockholders' equity:		
Common stock, $.001 par value, 40,000,000 shares authorized; 15,784,091 and 15,654,846 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	15,784	15,655
Additional paid-in capital	22,625,366	22,105,747
Deficit accumulated during the development stage	(21,478,654)	(20,285,176)

Total stockholders' equity	1,162,496	1,836,226
Total liabilities and stockholders' equity	$1,812,555	$2,357,834

See accompanying notes to condensed consolidated financial statements.

GEOVAX LABS, INC.
(A DEVELOPMENT-STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		From Inception (June 27,2001) to September 30,
	2011	2010	2011	2010	2011
Grant revenue	$ 1,297,006	$ 1,163,288	$ 3,943,041	$ 4,239,017	$ 19,354,848
Operating expenses:					
Research and development	1,089,938	908,780	3,313,857	4,019,931	24,668,158
General and administrative	583,386	903,850	1,824,579	2,508,539	16,499,683
Total operating expenses	1,673,324	1,812,630	5,138,436	6,528,470	41,167,841
Loss from operations	(376,318)	(649,342)	(1,195,395)	(2,289,453)	(21,812,993)
Other income (expense):					
Interest income	466	4,676	1,917	20,909	340,008
Interest expense	-	-	-	-	(5,669)
Total other income (expense)	466	4,676	1,917	20,909	334,339
Net loss	$ (375,852)	$ (644,666)	$ (1,193,478)	$ (2,268,544)	$ (21,478,654)
Basic and diluted:					
Loss per common share	$ (0.02)	$ (0.04)	$ (0.08)	$ (0.14)	$ (2.03)
Weighted average shares outstanding	15,764,525	15,654,846	15,716,767	15,650,116	10,567,089

See accompanying notes to condensed consolidated financial statements.

GEOVAX LABS, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,		From Inception (June 27, 2001) to September 30,
	2011	2010	2011
Cash flows from operating activities:			
Net loss	$(1,193,478)	$(2,268,544)	$(21,478,654)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	81,277	107,247	537,897
Accretion of preferred stock redemption value	--	-	346,673
Stock-based compensation expense	519,747	581,301	6,106,489
Changes in assets and liabilities:			
Grant funds receivable	49,361	(374,673)	(424,914)
Prepaid expenses and other current assets	36,405	28,966	(12,425)
Deferred offering costs	-	(260,000)	-
Deposits and other assets	-	(11,010)	(11,990)
Accounts payable and accrued expenses	128,452	364,444	738,850
Total adjustments	815,242	436,275	7,280,580
Net cash used in operating activities	(378,236)	(1,832,269)	(14,198,074)
Cash flows from investing activities:			
Purchase of property and equipment	-	-	(526,594)
Proceeds from sale of property and equipment	-	-	5,580
Net cash used in investing activities	-	-	(521,014)
Cash flows from financing activities:			
Net proceeds from sale of common stock	-	-	15,121,898
Net proceeds from sale of preferred stock	-	-	728,443
Costs associated with planned stock offering	(134,194)	(257,173)	(564,596)
Net cash provided (used) by financing activities	(134,194)	(257,173)	15,285,745
Net increase (decrease) in cash and cash equivalents	(512,430)	(2,089,442)	566,657
Cash and cash equivalents at beginning of period	1,079,087	3,515,784	-
Cash and cash equivalents at end of period	$566,657	$1,426,342	$566,657
Supplemental disclosure of cash flow information:			
Interest paid	$-	$-	$5,669

See accompanying notes to condensed consolidated financial statements.

3

GEOVAX LABS, INC.
(A DEVELOPMENT-STAGE ENTERPRISE)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2011
(unaudited)

1. Description of Company and Basis of Presentation

GeoVax Labs, Inc. ("GeoVax" or the "Company"), is a biotechnology company dedicated to developing vaccines to prevent and fight Human Immunodeficiency Virus ("HIV") infections that result in Acquired Immunodeficiency Syndrome ("AIDS"). We have exclusively licensed from Emory University ("Emory") vaccine technology which was developed in collaboration with the National Institutes of Health ("NIH") and the Centers for Disease Control and Prevention ("CDC"). GeoVax is incorporated under the laws of the State of Delaware and our principal offices are located in Smyrna, Georgia (metropolitan Atlanta area).

Our HIV/AIDS vaccines are being evaluated in humans who are not HIV infected for their potential to be used to prevent infection should the person be exposed to HIV. We are also evaluating our vaccines in HIV-infected individuals for their potential to serve as a therapy for those who are already infected. Our preventative vaccines seek to prevent or control infection by HIV, reduce the rate of disease progression to AIDS and reduce the risk of HIV transmission. Our therapeutic vaccines target impeding viral replication to reduce viral load in HIV infected individuals with a view to reducing or eliminating the need for anti-HIV medications, and thereby reduce the cost of treatment and the detrimental side effects associated with current drug treatments.

The therapeutic use of our vaccines is being tested in a Phase 1/2 human clinical trial sponsored by GeoVax. This trial was initiated based on promising preclinical data from therapeutic trials in infected non-human primates. We expect the Phase 1/2 human trial to begin generating vaccine safety and performance data during early 2012. If the data are encouraging, we expect to amend and expand this study into a larger Phase 2 clinical trial.

The preventative use of our vaccine is being tested in humans by the NIH-funded HIV Vaccine Trials Network ("HVTN"). The first generation of our preventative vaccine is one of only five vaccine candidates out of more than 80 tested by the HVTN to have progressed to Phase 2 testing. Patient enrollment of this 299 participant Phase 2a clinical trial is complete and we expect to complete inoculations during early 2012. The HVTN is also planning human clinical testing of a second generation of our vaccine (co-expressing granulocyte-macrophage colony-stimulating factor (GM-CSF)) that was successfully tested in non-human primates, with a target start date of Phase 1 clinical testing in early 2012. In preclinical non-human primate testing, the new vaccine induced immune responses that resulted in a 70% rate of prevention of infection.

Our current vaccines being tested address the subtype, known as clade B, of the HIV virus that is most prevalent in the developed world. Our goals include applying our technology and expertise to develop additional HIV vaccines for global markets that have different clades of the virus, manufacturing and testing these vaccines, conducting human trials for vaccine safety and effectiveness, and obtaining regulatory approvals to advance the development and commercialization of our vaccines.

GeoVax is devoting all of its present efforts to research and development and is a development stage enterprise as defined by Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 915, Development Stage Entities. The accompanying financial statements at September 30, 2011 and for the three month and nine month periods ended September 30, 2011 and 2010 are unaudited, but include all adjustments, consisting of normal recurring entries, which we believe to be necessary for a fair presentation of the dates and periods presented.

Interim results are not necessarily indicative of results for a full year. The financial statements should be read in conjunction with our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010. We expect our operating results to fluctuate for the foreseeable future; therefore, period-to-period comparisons should not be relied upon as predictive of the results in future periods.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. We have had no product revenue to date and there can be no assurance that we will ever generate any product revenue. Our ability to generate revenue and achieve profitability depends on our ability to successfully complete the development of our product candidates, obtain the necessary regulatory approvals, and manufacture and market the resulting products. To date, we have financed our operations principally through the sale of equity securities and through NIH grants, but we will require substantial additional financing at various intervals to conduct our operations. There is no assurance that adequate funding will continue to be available to us, and, if available, on terms acceptable to the Company. If we are not able to secure the significant funding that is required to maintain and continue our operations, we may be required to delay clinical studies or clinical trials, curtail operations, or obtain funds through collaborative arrangements that may require us to relinquish rights to some of our products or potential markets. The Company's ability to continue as a going concern is also dependent on many events outside of its direct control, including, among other things improvement in the economic climate. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

We disclosed in Note 2 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010 those accounting policies that we consider significant in determining our results of operations and financial position. There have been no material changes to, or in the application of, the accounting policies previously identified and described in the Form 10-K.

2. Recent Accounting Pronouncements

There have been no recent accounting pronouncements or changes in accounting pronouncements during the nine months ended September 30, 2011, as compared to the recent accounting pronouncements described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which we expect to have a material impact on our financial statements.

3. Basic and Diluted Loss Per Common Share

Basic net loss per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed using the weighted-average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of stock options and warrants. Common share equivalents which potentially could dilute basic earnings per share in the future, and which were excluded from the computation of diluted loss per share, as the effect would be anti-dilutive, totaled approximately 2.0 million and 1.9 million shares at September 30, 2011 and 2010, respectively.

4. Commitments

Lease Agreement

We lease approximately 8,400 square feet of office and laboratory space located in Smyrna, Georgia (metropolitan Atlanta). Future minimum lease payments pursuant to the operating lease total $29,945 for the remainder of 2011, $121,560 in 2012, $125,180 in 2013 and $128,920 in 2014.

Other Commitments

In the normal course of business, we may enter into various firm purchase commitments related to production and testing of our vaccine material, conduct of clinical trials, and other research-related activities. As of September 30, 2011, we had approximately $594,000 of unrecorded outstanding purchase commitments to our vendors and subcontractors, of which we expect $302,000 will be due in 2011, $259,000 in 2012, and $33,000 in 2013.

5. Stockholders' Equity

Common Stock Transactions

During the three month and nine month periods ended September 30, 2011, we issued 32,258 and 129,245 shares, respectively, of our common stock for financial advisory services and recorded general and administrative expense of $90,000 and $150,000, respectively, related to the issuance.

Stock Options

In 2006, we adopted the GeoVax Labs, Inc. 2006 Equity Incentive Plan (the "2006 Plan") for the granting of qualified incentive stock options ("ISO's"), nonqualified stock options, restricted stock awards or restricted stock bonuses to employees, officers, directors, consultants and advisors of the Company. The exercise price for any option granted

may not be less than fair value (110% of fair value for ISO's granted to certain employees). Options granted under the 2006 Plan have a maximum ten-year term and generally vest over three years. The Company has reserved 1,200,000 shares of its common stock for issuance under the 2006 Plan.

The following table summarizes stock option activity for the nine months ended September 30, 2011:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2010	1,137,356	$5.33
Granted	-	-
Exercised	-	-
Forfeited or Expired	(39,288)	5.39
Outstanding at September 30, 2011	1,098,068	$5.33
Exercisable at September 30, 2011	865,756	$5.70

Stock-based compensation expense related to the 2006 Plan was $102,804 and $364,410 for the three month and nine month periods ended September 30, 2011, as compared to $137,049 and $436,687 for the three month and nine month periods ended September 30, 2010, respectively. The table below shows the allocation of stock-based compensation expense related to our stock option plan between general and administrative expense and research and development expense. As of September 30, 2011, there was $501,264 of unrecognized compensation expense related to stock-based compensation arrangements subject to the 2006 Plan, which is expected to be recognized over a weighted average period of 1.5 years.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Expense Allocated to:	2011	2010	2011	2010
General and Administrative Expense	$65,050	$85,705	$221,552	$282,452
Research and Development Expense	37,754	51,344	142,858	154,235
Total	$102,804	$137,049	$364,410	$436,687

Compensatory Warrants

We may, from time to time, issue stock purchase warrants to consultants or other service providers in exchange for services. As of September 30, 2011, there were a total of 64,400 shares of our common stock covered by outstanding stock warrants (57,000 of which are currently exercisable) with a weighted average exercise price of $6.20 per share and a weighted average remaining contractual life of 0.9 years.

Stock compensation expense related to the issuance of stock purchase warrants in exchange for services was $1,779 and $5,337 for the three month and nine month periods ended September 30, 2011, respectively; and $30,267 and $90,801 for the three month and nine month periods ended September 30, 2010, respectively, all of which was allocated to general and administrative expense. As of September 30, 2011, there was $1,782 of unrecognized compensation expense related to compensatory warrant arrangements, which is expected to be fully recognized during 2011.

Investment Warrants

In addition to outstanding stock options and compensatory warrants, as of September 30, 2011 we had stock purchase warrants covering a total of 818,376 shares of our common stock which were issued to investors in previous transactions, all of which are currently exercisable. Such warrants have a weighted-average exercise price of $16.50 per share. In October 2011, the expiration of these warrants was extended to December 31, 2014, resulting in an expense (calculated using the Black-Sholes model) of approximately $152,000 which will be recognized during the

fourth quarter of 2011.

6. Income Taxes

Because of our historically significant net operating losses, we have not paid income taxes since inception. We maintain deferred tax assets that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These deferred tax assets are comprised primarily of net operating loss carryforwards and also include amounts relating to nonqualified stock options and research and development credits. The net deferred tax asset has been fully offset by a valuation allowance because of the uncertainty of our future profitability and our ability to utilize the deferred tax assets. Utilization of operating losses and credits may be subject to substantial annual limitations due to ownership change provisions of Section 382 of the Internal Revenue Code. The annual limitation may result in the expiration of net operating losses and credits before utilization.

7. NIH Grant Funding

In September 2007, the NIH awarded us an Integrated Preclinical/Clinical AIDS Vaccine Development (IPCAVD) grant to support our HIV/AIDS vaccine program. The project period for the grant covers a five year period which commenced October 2007, with an aggregate award of $20.4 million. As of September 30, 2011 there is approximately $5.1 million of unused grant funds remaining and available for use through August 31, 2012 (the end of the original project period). We are utilizing this funding to further our HIV/AIDS vaccine development, optimization and production. We record revenue associated with the grant as the related costs and expenses are incurred and such revenue is reported as a separate line item in our statements of operations.

8. Related Party Transactions

We are obligated to reimburse Emory University (a significant stockholder of the Company) for certain prior and ongoing costs in connection with the filing, prosecution and maintenance of patent applications subject to our technology license agreement from Emory. The expense associated with these ongoing patent cost reimbursements to Emory amounted to $187,561 during the nine month period ending September 30, 2011.

We have entered into two research agreements with Emory for the purpose of conducting research and development activities associated with our IPCAVD grant from the NIH (see Note 7). During the nine month period ending September 30, 2011, we recorded $863,012 of expense associated with these contracts. All amounts paid to Emory under these agreements are reimbursable to us pursuant to the NIH grant.

In March 2008, we entered into a consulting agreement with Donald Hildebrand, a member of our Board of Directors and our former President and Chief Executive Officer, pursuant to which Mr. Hildebrand provides business and technical advisory services to the Company. The term of the consulting agreement, as amended, began on April 1, 2008 and will end on December 31, 2012. During the nine month period ended September 30, 2011 we recorded $18,000 of expense associated with the consulting agreement.

Item 2 Management's Discussion and Analysis of Financial Condition And Results of Operations

FORWARD LOOKING STATEMENTS

In addition to historical information, the information included in this Form 10-Q contains forward-looking statements. Forward-looking statements involve numerous risks and uncertainties, including but not limited to the risk factors set forth under the heading "Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2010, and should not be relied upon as predictions of future events. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as ''believes,'' ''expects,'' ''may,'' ''will,'' ''should,'' ''seeks,'' ''approximately," ''intends,'' ''plans,'' ''pro forma,'' ''estimates,'' or ''anticipates'' or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may be incapable of being realized. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

whether we can raise additional capital as and when we need it;
whether we are successful in developing our products;
whether we are able to obtain regulatory approvals in the United States and other countries for sale of our products;
whether we can compete successfully with others in our market; and

whether we are adversely affected in our efforts to raise cash by the volatility and disruption of local and national economic, credit and capital markets and the economy in general.

Readers are cautioned not to place undue reliance on forward-looking statements, which reflect our management's analysis only. We assume no obligation to update forward-looking statements.

Overview

GeoVax, a biotechnology company, focuses on developing vaccines to protect against or to treat diseases caused by HIV. We have exclusively licensed vaccine technology from Emory University that was developed at Emory University in collaboration with the NIH and the CDC.

Our major ongoing research and development programs are focused on the clinical development of our DNA and MVA vaccines designed for use together in a prime-boost system for the prevention and/or treatment of HIV/AIDS. We are developing two clinical pathways for our vaccine candidates — (i) as a therapeutic vaccine to prevent development of AIDS in those individuals who have already been infected with the HIV virus, and (ii) as a preventative vaccine to prevent or control infection of individuals who are exposed to the HIV virus.

The therapeutic use of our vaccine is currently being tested in a Phase 1/2 human clinical trial being sponsored by GeoVax. We expect this trial to begin generating vaccine safety and performance data during early 2012. If the data are encouraging, we expect to amend and expand this study into a larger Phase 2 clinical trial.

Our preventative HIV vaccine candidate has completed Phase 1 clinical testing trials in humans, and is currently in a Phase 2a clinical trial, being conducted by the HIV Vaccine Trials Network ("HVTN") with funding from the NIH. Patient enrollment for this 299 participant study has been completed. We expect to complete patient inoculations in early 2012, with full study results available during 2012. Early analysis of data for neutralizing antibody (Ab) responses in this study have shown elicitation of unexpectedly high response rates of neutralizing antibody for tier 2 isolates of HIV-1. Of 46 tested vaccine recipients, 50% responded with neutralizing activity for tier 2 clade B isolate RHPA; and 26% with neutralizing antibody for tier 2 clade B isolate SC22.3C2. Neutralizing antibodies can block virus from infecting cells by binding to regions of the virus that mediate entry into cells. The elicitation of neutralizing antibody for tier 2 viruses is an important result because tier 2 viruses represent viruses that undergo the most frequent transmission from an infected person to an uninfected person.

In addition to our clinical development program, we have been conducting pre-clinical research on the impact of adding adjuvants (immune system stimulants) to the DNA priming component of our vaccine. Specifically, this novel vaccine co-expresses human granulocyte-macrophage stimulating factor ("GM-CSF") and non-infectious HIV virus-like particles. In non-human primate models the GM-CSF-enhanced vaccine achieved protection against simian immunodeficiency virus ("SIV") in 70% of the animals. The HTVN is currently planning Phase 1 human clinical testing of the GM-CSF adjuvanted version of our vaccine, which we expect to begin in early 2012.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based on the accompanying unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and adjusts the estimates as necessary. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Our significant accounting policies are summarized in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial

statements:

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by such assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted expected future net cash flows from the assets.

Revenue Recognition

We recognize revenue in accordance with the SEC's Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements, as amended by Staff Accounting Bulletin No. 104, Revenue Recognition, ("SAB 104"). SAB 104 provides guidance in applying U.S. generally accepted accounting principles to revenue recognition issues, and specifically addresses revenue recognition for upfront, nonrefundable fees received in connection with research collaboration agreements. Our revenue consists solely of grant funding received from the NIH. Revenue from this arrangement is approximately equal to the costs incurred related to the grant activities (plus an overhead factor) and is recorded as income as the related costs are incurred.

Stock-Based Compensation

We account for stock-based transactions in which the Company receives services from employees, directors or others in exchange for equity instruments based on the fair value of the award at the grant date. Compensation cost for awards of common stock is estimated based on the price of the underlying common stock on the date of issuance. Compensation cost for stock options or warrants is estimated at the grant date based on each instrument's fair-value as calculated by the Black-Scholes option pricing model. We recognize stock-based compensation cost as expense ratably on a straight-line basis over the requisite service period for the award.

Liquidity and Capital Resources

At September 30, 2011, we had cash and cash equivalents of $566,657 and total assets of $1,812,555, as compared to $1,079,087 and $2,357,834, respectively, at December 31, 2010. Working capital totaled $353,937 at September 30, 2011, compared to $1,080,584 at December 31, 2010.

Sources and Uses of Cash

We are a development-stage company (as defined by ASC Topic 915, Development Stage Entities) and do not have any products approved for sale. Due to our significant research and development expenditures, we have not been profitable and have generated operating losses since our inception in 2001. Our primary sources of cash are from sales of our equity securities and from government grant funding.

Cash Flows from Operating Activities

Net cash used in operating activities was $378,236 for the nine month period ended September 30, 2011 as compared to $1,832,269 for the comparable period in 2010. Generally, the differences between years are due to fluctuations in our net losses which, in turn, result primarily from fluctuations in expenditures from our research activities, offset or increased by net changes in our assets and liabilities.

The costs of conducting all of our human clinical trials to date, except for our ongoing Phase 1/2 therapeutic trial, have been borne by the HVTN, funded by the NIH, with GeoVax incurring costs associated with manufacturing the clinical vaccine supplies and other study support. The HVTN and the NIH are bearing the cost of conducting our ongoing Phase 2a human clinical trial of our preventative vaccine, and have indicated their support for the planned Phase 1 clinical trial of the GM-CSF-adjuvanted version of our vaccine. We also are having discussions with the HVTN and the NIH with regard to the conduct of a planned Phase 2b clinical trial of our preventative vaccine, and we expect the NIH will support this trial as well. We cannot, however, predict the level of support we will receive from the HVTN or the NIH for any additional clinical trials.

Our operations are also partially funded by the IPCAVD grant awarded to us in September 2007 by the NIH to support our HIV/AIDS vaccine program. The project period for the grant covers a five year period which commenced October 2007, with an aggregate award of $20.4 million. As of September 30, 2011 there is approximately $5.1 million of unused grant funds remaining and available for use through August 31, 2012 (the end of the original project period). We are utilizing this funding to further our HIV/AIDS vaccine development, optimization and production for human clinical trial testing, primarily with regard to our research into vaccine adjuvants. The funding we receive pursuant to this grant is recorded as revenue at the time the related expenditures are incurred, and thus partially offsets our net losses.

We are pursuing additional grants and clinical trial support from the federal government. However, as we progress to the later stages of our vaccine development activities, government financial support may be more difficult to obtain, or

may not be available at all. Therefore, it will be necessary for us to look to other sources of funding in order to finance our development activities.

Cash Flows from Investing Activities

Our investing activities have consisted predominantly of capital expenditures. There were no capital expenditures during the nine months ended September 30, 2011 or for the comparable period in 2010.

Cash Flows from Financing Activities

Net cash used by financing activities was $134,194 for the nine month period ended September 30, 2011, as compared to $257,173 for the comparable period in 2010. The cash used by financing activities during both periods relates to costs associated with our stock offering activities during 2010 and 2011.

We anticipate raising additional capital during 2011 and 2012, although there can be no assurance that we will be able to do so. While we believe that we will be successful in obtaining the necessary financing to fund our operations through grants, equity offerings, exercise of options and warrants, and/or other sources, there can be no assurances that such additional funding will be available to us on reasonable terms or at all.

We believe that our current working capital combined with the proceeds from the IPCAVD grant awarded from the NIH, and without consideration given to net proceeds from any potential financing activity, will be sufficient to support our planned level of operations into the first quarter of 2012. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences could have a material adverse effect on our business, operating results, financial condition and prospects.

Our capital requirements, particularly as they relate to product research and development, have been and will continue to be significant. We anticipate incurring additional losses for several years as we expand our drug development and clinical programs and proceed into higher cost human clinical trials. Conducting clinical trials for our vaccine candidates in development is a lengthy, time-consuming and expensive process. We will not generate revenues from the sale of our technology or products for at least several years, if at all. For the foreseeable future, we will be dependent on obtaining financing from third parties in order to maintain our operations, including our clinical program. Due to the existing uncertainty in the capital and credit markets, and adverse regional and national economic conditions that may persist or worsen, capital may not be available on terms acceptable to the Company or at all. While we believe that we will be successful in obtaining the necessary financing to fund our operations through grants, equity offerings, exercise of options and warrants, and/or other sources, there can be no assurances that such additional funding will be available to us on reasonable terms or at all. If we fail to obtain additional funding when needed, we would be forced to scale back or terminate our operations, or to seek to merge with or to be acquired by another company.

We have no off-balance sheet arrangements that are likely or reasonably likely to have a material effect on our financial condition or results of operations.

Contractual Obligations

As of September 30, 2011, we had firm purchase obligations of approximately $594,000 as compared to approximately $942,000 at December 31, 2010. We have no committed lines of credit and no other committed funding or long-term debt. We have employment agreements with our senior management team, each of which may be terminated with 30 days advance notice. There have been no other material changes to the table presented in our Annual Report on Form 10-K for the year ended December 31, 2010.

Results of Operations

Net Loss

We recorded a net loss of $375,852 for the three months ended September 30, 2011, as compared to a net loss of $644,666 for the three months ended September 30, 2010. For the nine months ended September 30, 2011, we recorded a net loss of $1,193,478, as compared to a net loss of $2,268,544 for the nine months ended September 30, 2010. Our net losses typically fluctuate due to the timing of activities and related costs associated with our vaccine research and development activities and our general and administrative costs, as described in more detail below.

Grant Revenue

During the three and nine month periods ended September 30, 2011 we recorded grant revenue of $1,297,006 and $3,943,041, respectively, as compared to $1,163,288 and $4,239,017, respectively, during the comparable periods of 2010. Our grant revenues relate to the IPCAVD grant awarded to us in 2007 by the NIH to support our HIV/AIDS vaccine program. As of September 30, 2011 there is approximately $5.1 million of unused grant funds remaining and available for use through August 31, 2012 (the end of the original project period). The difference in our grant revenues from period to period is directly related to our expenditures for activities supported by the IPCAVD grant, and can fluctuate dramatically based on the timing of the related expenditures.

Research and Development

During the three month and nine month periods ended September 30, 2011, we incurred $1,089,938 and $3,313,857, respectively, of research and development expense as compared to $908,780 and $4,019,931, respectively, during the three month and nine month periods ended September 30, 2010. Research and development expenses can vary considerably on a period-to-period basis, depending on our need for vaccine manufacturing and testing of manufactured vaccine by third parties, and due to fluctuations in the timing of other external expenditures related to our IPCAVD grant from the NIH. Research and development expense for the three month and nine month periods of 2011 includes stock-based compensation expense of $37,754 and $142,858, respectively, while the comparable periods of 2010 include stock-based compensation expense of $51,344 and $154,235, respectively (see discussion under “Stock-Based Compensation Expense” below). Our research and development costs do not include costs incurred by HVTN in conducting trials of GeoVax vaccines.

We expect that our research and development costs will increase during 2012 and beyond as we continue to perform the activities supported by the IPCAVD grant, and as we progress into the later stages of clinical testing for our vaccine candidates currently in human clinical trials.

Our vaccine candidates still require significant, time-consuming and costly research and development, testing and regulatory clearances. Completion of clinical development will take several years or more, but the length of time generally varies substantially according to the type, complexity, novelty and intended use of a product candidate. The cost of the ongoing Phase 2a clinical trial for our preventative vaccine is being funded by the HVTN, but we cannot be certain whether the HVTN or any other external source will provide funding for further development. We intend to seek government and/or third party support for future clinical human trials, but there can be no assurance that we will be successful. The duration and the cost of future clinical trials may vary significantly over the life of the project as a result of differences arising during development of the human clinical trial protocols, including, among others:

the number of patients that ultimately participate in the clinical trial;
the duration of patient follow-up that seems appropriate in view of the results;
the number of clinical sites included in the clinical trials; and
the length of time required to enroll suitable patient subjects.

Due to the uncertainty regarding the timing and regulatory approval of clinical trials and pre-clinical studies, our future expenditures are likely to be highly volatile in future periods depending on the outcomes of the trials and studies. From time to time, we will make determinations as to how much funding to direct to these programs in response to their scientific, clinical and regulatory success, anticipated market opportunity and the availability of capital to fund our programs.

In developing our product candidates, we are subject to a number of risks that are inherent in the development of products based on innovative technologies. For example, it is possible that our vaccines may be ineffective or toxic, or will otherwise fail to receive the necessary regulatory clearances, causing us to delay, extend or terminate our product development efforts. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could cause our research and development expenditures to increase which, in turn, could have a material adverse effect on our results of operations and cash flows. Because of the uncertainties of clinical trials, estimating the completion dates or cost to complete our research and development programs is highly speculative and subjective. As a result of these factors, we are unable to accurately estimate the nature, timing and future costs necessary to complete the development of our product candidates. In addition, we are unable to reasonably estimate the period when material net cash inflows could commence from the sale, licensing or commercialization of such product candidates, if ever.

General and Administrative Expense

During the three month and nine month periods ended September 30, 2011, we incurred general and administrative costs of $583,386 and $1,824,579, respectively, as compared to $903,850 and $2,508,539 , respectively, during the comparable periods in 2010. General and administrative costs include officers' salaries, legal and accounting costs, patent costs, amortization expense associated with intangible assets, and other general corporate expenses. General and administrative expense for the three month and nine month periods of 2011 include stock-based compensation expense of $156,829 and $379,889, respectively; while the comparable periods of 2010 include stock-based compensation expense of $115,972 and $427,066, respectively (see discussion under "Stock-Based Compensation Expense" below). We expect that our general and administrative costs will increase in the future in support of expanded research and development activities and other general corporate activities.

Stock-Based Compensation Expense

We recorded stock-based compensation expense of $194,583 and $519,747 during the three month and nine month periods ended September 30, 2011, respectively, as compared to $167,316 and $581,301, respectively, during the comparable periods of 2010. In addition to amounts related to the issuance of stock options to employees, the figures include amounts related to common stock and stock purchase warrants issued to consultants and financial advisors. We allocate stock-based compensation expense to research and development expense or general and administrative expense according to the classification of cash compensation paid to the employee, consultant or director to whom the stock compensation was granted. For the three month and nine month periods ended September 30, 2011 and 2010, stock-based compensation expense was allocated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Expense Allocated to:	2011	2010	2011	2010
General and Administrative Expense	$156,829	$115,972	$376,889	$427,066
Research and Development Expense	37,754	51,344	142,858	154,235
Total Stock-Based Compensation Expense	$194,583	$167,316	$519,747	$581,301

Other Income

Interest income for the three month and nine month periods ended September 30, 2011 was $466 and $1,917, respectively, as compared to $4,676 and $20,909, respectively, for the three months and nine months September 30, 2010. The variances between periods are primarily attributable to cash available for investment and interest rate fluctuations.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is limited primarily to interest income sensitivity, which is affected by changes in the general level of United States interest rates, particularly because a significant portion of our investments are in short-term bank certificates of deposits and institutional money market funds. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income received without significantly increasing risk. Due to the nature of our short-term investments, we believe that we are not subject to any material market risk exposure. We do not have any derivative financial instruments or foreign currency instruments.

Item 4 Controls and Procedures

Evaluation of disclosure controls and procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that the information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended (Exchange Act), is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to management, including the Chief Executive Officer and Principal Financial and Accounting Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management has carried out an evaluation, under the supervision and with the participation of our Principal Executive Officer and our Principal Financial and Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15 as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting that occurred during the three months ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over

financial reporting.

Part II -- OTHER INFORMATION

Item 1 Legal Proceedings

None.

Item 1A Risk Factors

For information regarding factors that could affect the our results of operations, financial condition or liquidity, see the risk factors discussed under “Risk Factors” in Item 1A of our most recent Annual Report on Form 10-K. See also “Forward-Looking Statements,” included in Item 2 of this Quarterly Report on Form 10-Q. There have been no material changes from the risk factors previously disclosed in our most recent Annual Report on Form 10-K.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

On July 20, 2011, we issued an aggregate of 32,258 shares of our common stock to Gilford Securities, Incorporated and to Array Capital Management, LLC for financial advisory services. For this transaction the Company relied upon Section 4(2) of the Securities Act and Rule 506 promulgated thereunder to issue the common stock. The shares were offered to these investors who acquired the shares for investment in a transaction that did not involve a general solicitation.

We did not acquire any of our securities during the period covered by this report.

Item 3 Defaults Upon Senior Securities

None.

Item 4 (Removed and Reserved)

Item 5 Other Information

During the period covered by this report, there was no information required to be disclosed by us in a Current Report on Form 8-K that was not so reported, nor were there any material changes to the procedures by which our security holders may recommend nominees to our board of directors.

Item 6 Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger by and among GeoVax, Inc., GeoVax Acquisition Corp. and Dauphin Technology, Inc. dated January 20, 2006 (1)
2.2	First Amendment to Agreement and Plan of Merger by and among GeoVax, Inc., GeoVax Acquisition Corp. and Dauphin Technology, Inc. dated June 29, 2006 (2)
2.3	Second Amendment to Agreement and Plan of Merger by and among GeoVax, Inc., GeoVax Acquisition Corp. and Dauphin Technology, Inc. dated September 27, 2006 (3)
3.1	Certificate of Incorporation (4)
3.1.1	Certificate of Amendment to the Certificate of Incorporation of GeoVax Labs, Inc. filed April 13, 2010 (5)
3.1.2	Certificate of Amendment to the Certificate of Incorporation of GeoVax Labs, Inc. filed April 27, 2010 (6)
3.2	Bylaws (4)
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbane-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbane-Oxley Act of 2002
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002
101*,**	The following financial information from GeoVax Labs, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets as of September 30, 2011 (unaudited) and December 31, 2010, (ii) Condensed Consolidated Statements of Operations (unaudited) for the three and nine month periods ended September 30, 2011 and 2010 and for the period from inception (June 27, 2001) to September 30, 2011, (iii) Condensed Consolidated Statements of Cash Flows (unaudited) for the nine month periods ended September 30, 2011 and 2010 and for the period from inception (June 27, 2001) to September 30, 2011, and (iv) Notes to Condensed Consolidated Financial Statements (unaudited).

* Filed herewith

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended and otherwise are not subject to liability under those sections

(1) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 24, 2006.

(2) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 13, 2006.

(3) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 4, 2006.

(4) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 23, 2008.

(5) Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed April 14, 2010.

(6) Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed April 28, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

GEOVAX LABS, INC.
(Registrant)

Date: November 10, 2011

By: /s/ Mark W. Reynolds
Mark W. Reynolds
Chief Financial Officer
(duly authorized officer and principal financial officer)

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbane-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbane-Oxley Act of 2002
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial information from GeoVax Labs, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets as of September 30, 2011 (unaudited) and December 31, 2010, (ii) Condensed Consolidated Statements of Operations (unaudited) for the three and nine month periods ended September 30, 2011 and 2010 and for the period from inception (June 27, 2001) to September 30, 2011, (iii) Condensed Consolidated Statements of Cash Flows (unaudited) for the nine month periods ended September 30, 2011 and 2010 and for the period from inception (June 27, 2001) to September 30, 2011, and (iv) Notes to Condensed Consolidated Financial Statements (unaudited).

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended and otherwise are not subject to liability under those sections