

ARCA biopharma, Inc.
Form 10-Q
November 15, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010**

OR

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____**

Commission File Number 000-22873

ARCA BIOPHARMA, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of

Incorporation or Organization)

36-3855489
(I.R.S. Employer

Identification Number)

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8001 Arista Place, Suite 200 Broomfield, CO
(Address of Principal Executive Offices)

80021
(Zip Code)

(720) 940-2200

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if 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 Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding
Common Stock \$0.001 par value	On November 12, 2010: 8,834,535

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (unaudited)****ARCA BIOPHARMA, INC.****(a development stage enterprise)****CONSOLIDATED BALANCE SHEETS****(unaudited)**

	September 30, 2010	December 31, 2009
	(in thousands, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,906	\$ 7,763
Marketable securities	222	
Other current assets	542	522
Total current assets	8,670	8,285
Property and equipment, net	771	1,026
Other assets	57	61
Total assets	\$ 9,498	\$ 9,372
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 269	\$ 533
Accrued compensation and employee benefits	116	241
Accrued expenses and other liabilities	301	756
Deferred rent, current portion	119	114
Total current liabilities	805	1,644
Deferred rent, net of current portion	226	316
Total liabilities	1,031	1,960
Commitments and contingencies		
Preferred Stock:		
Preferred stock, \$0.001 par value; 5 million shares authorized; none issued and outstanding as of September 30, 2010 and December 31, 2009		
Stockholders equity:		
Common stock, \$0.001 par value; 100 million shares authorized; 8,834,535 and 7,620,448 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	9	8
Additional paid-in capital	64,951	57,294
Unrealized gain on marketable securities	222	

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Deficit accumulated during the development stage	(56,715)	(49,890)
Total stockholders equity	8,467	7,412
Total liabilities and stockholders equity	\$ 9,498	\$ 9,372

See accompanying notes to consolidated financial statements.

Table of Contents**ARCA BIOPHARMA, INC.****(a development stage enterprise)****CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,		Period from December 17, 2001 (date of inception) to September 30, 2010
	2010	2009	2010	2009	
(in thousands, except share and per share amounts)					
Costs and expenses:					
Research and development	\$ 726	\$ 1,112	\$ 2,246	\$ 9,209	\$ 38,410
Selling, general and administrative	1,380	2,007	4,577	11,192	32,818
Merger transaction costs				5,470	5,470
Restructuring expense, net		1,131		2,396	2,413
Loss on impairment of in-process research and development					6,000
Total costs and expenses	2,106	4,250	6,823	28,267	85,111
Loss from operations	(2,106)	(4,250)	(6,823)	(28,267)	(85,111)
Gain on bargain purchase				25,282	25,282
Interest and other income	3	13	5	217	1,266
Interest and other expense	(3)	(71)	(7)	(184)	(433)
Loss before income taxes	(2,106)	(4,308)	(6,825)	(2,952)	(58,996)
Benefit from income taxes					2,281
Net loss	\$ (2,106)	\$ (4,308)	\$ (6,825)	\$ (2,952)	\$ (56,715)
Less: Accretion of redeemable convertible preferred stock				(135)	(245)
Less: Deemed preferred stock dividend for additional common shares issuable under anti-dilution provisions				(781)	(781)
Net loss available to common stockholders	\$ (2,106)	\$ (4,308)	\$ (6,825)	\$ (3,868)	\$ (57,741)
Net loss available to common stockholders per share:					
Basic and diluted	\$ (0.24)	\$ (0.57)	\$ (0.81)	\$ (0.56)	
Weighted average shares outstanding:					
Basic and diluted	8,817,793	7,576,234	8,401,340	6,921,996	

See accompanying notes to consolidated financial statements.

Table of Contents**ARCA BIOPHARMA, INC.**

(a development stage enterprise)

CONSOLIDATED STATEMENTS OF PREFERRED STOCK AND STOCKHOLDERS EQUITY (DEFICIT)

(unaudited)

	Preferred Stock		Preferred Stock		Common stock		Stockholders	Equity (Deficit)		Total
	Series A Redeemable Convertible Preferred Stock	Series B Redeemable Convertible Preferred Stock	Shares	Amount	Shares	Amount	Additional Paid In Capital	Deficit Accumulated During the Development Stage	Other Comprehensive Income (Loss)	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Development	Income	
Balance, December 17, 2001 (date of inception)		\$		\$		\$	\$	\$	\$	\$
Issuance of common stock to founders on December 31, 2002, for cash, at \$0.06 per share					15,529		1			1
Net loss								(116)		(116)
Balance, December 31, 2003					15,529		1	(116)		(115)
Issuance of common stock on September 30, 2004, for cash, at \$0.06 per share					118,319		7			