

Neuralstem, Inc.
Form 10-Q
November 07, 2014

UNITED STATES

U.S. 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, 2014

Or

Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 000-1357459

NEURALSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware
State or other jurisdiction of
incorporation or organization

52-2007292
(I.R.S. Employer
Identification No.)

20271 Goldenrod Lane
Germantown, Maryland

20876

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(301)-366-4841**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a small 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

As of October 31, 2014, there were 87,359,665 shares of common stock, \$.01 par value, issued and outstanding.

Neuralstem, Inc.

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PART I**FINANCIAL INFORMATION****ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****Neuralstem, Inc.****Unaudited Condensed Consolidated Balance Sheets**

	September 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,945,253	\$ 16,846,052
Short-term investments	15,007,478	-
Billed and unbilled receivables	32,761	10,000
Deferred financing fees, current portion	339,752	507,334
Prepaid expenses	409,140	255,733
Total current assets	27,734,384	17,619,119
Property and equipment, net	301,282	230,971
Patents, net	1,245,502	1,137,701
Deferred financing fees, net of current portion	104,407	360,848
Other assets	57,720	64,897
Total assets	\$29,443,295	\$19,413,536
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$2,444,039	\$1,662,058
Current portion of long term debt, net of discount	3,058,495	2,763,121
Derivative instruments	-	1,417,527
Other current liabilities	202,383	93,426
Total current liabilities	5,704,917	5,936,132
Long term debt, net of discount and current portion	2,611,421	4,934,210
Other long term liabilities	222,970	124,995
Total liabilities	8,539,308	10,995,337
Commitments and contingencies (Note 6)		

STOCKHOLDERS' EQUITY

Preferred stock, 7,000,000 shares authorized, zero shares issued and outstanding	-	-
Common stock, \$0.01 par value; 300 million shares authorized, 87,155,672 and 77,886,031 shares outstanding in 2014 and 2013, respectively	871,557	778,860
Additional paid-in capital	165,577,933	136,058,135
Accumulated other comprehensive income	6,110	7,241
Accumulated deficit	(145,551,613)	(128,426,037)
Total stockholders' equity	20,903,987	8,418,199
Total liabilities and stockholders' equity	\$29,443,295	\$19,413,536

See accompanying notes to unaudited condensed consolidated financial statements.

Neuralstem, Inc.**Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues	\$ 5,000	\$ 2,500	\$ 14,167	\$ 107,500
Operating expenses:				
Research and development expenses	2,058,865	1,847,403	5,577,644	5,502,137
General and administrative expenses	1,969,879	1,707,690	6,971,186	4,184,740
Depreciation and amortization	83,001	81,393	260,221	181,991
Total operating expenses	4,111,745	3,636,486	12,809,051	9,868,868
Operating loss	(4,106,745)	(3,633,986)	(12,794,884)	(9,761,368)
Other income (expense):				
Interest income	13,127	18,776	55,267	45,336
Interest expense	(361,619)	(448,943)	(1,191,976)	(936,471)
Warrant modification expense	-	(1,945,214)	(3,109,850)	(5,017,156)
Loss from change in fair value of derivative instruments	-	(677,883)	(334,133)	(859,682)
Other income	-	293	250,000	667
Total other income (expense)	(348,492)	(3,052,971)	(4,330,692)	(6,767,306)
Net loss	\$ (4,455,237)	\$ (6,686,957)	\$ (17,125,576)	\$ (16,528,674)
Net loss per common share - basic and diluted	\$ (0.05)	\$ (0.09)	\$ (0.20)	\$ (0.23)
Weighted average common shares outstanding - basic and diluted	87,366,234	72,986,698	86,777,197	70,533,035
Comprehensive loss:				
Net loss	\$ (4,455,237)	\$ (6,686,957)	\$ (17,125,576)	\$ (16,528,674)
Foreign currency translation adjustment	3	6,101	(1,131)	6,101
Comprehensive loss	\$ (4,455,234)	\$ (6,680,856)	\$ (17,126,707)	\$ (16,522,573)

See accompanying notes to unaudited condensed consolidated financial statements.

Neuralstem, Inc.**Unaudited Condensed Consolidated Statements of Cash Flows**

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (17,125,576)	\$ (16,528,674)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	260,221	181,991
Share based compensation expense	3,638,972	2,080,740
Amortization of deferred financing fees and debt discount	622,244	462,794
Warrant modification expense	3,109,850	5,017,156
Loss from change in fair value of derivative instruments	334,133	859,682
Changes in operating assets and liabilities:		
Billed and unbilled receivables	(22,761)	(4,167)
Prepaid expenses	56,221	38,849
Other assets	7,131	(5,172)
Accounts payable and accrued expenses	899,299	(191,686)
Other current liabilities	3,191	(18,541)
Other long term liabilities	(9,261)	(8,651)