

CURIS INC
Form 10-Q/A
March 31, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

(Mark one)

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
 ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2005

OR

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

Commission File Number: 000-30347

CURIS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

04-3505116

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(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

61 Moulton Street

Cambridge, Massachusetts
(Address of Principal Executive Offices)

02138
(Zip Code)

Registrant's Telephone Number, Including Area Code: (617) 503-6500

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

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 November 11, 2005, there were 49,339,994 shares of the Registrant's common stock outstanding.

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EXPLANATORY NOTE:

This Amendment No. 1 on Form 10-Q/A is being filed to restate the September 30, 2005 and December 31, 2004 consolidated balance sheets contained herein to correct amounts reported in prepaid expenses and other current assets, deposits and other assets, short-term and long-term deferred revenues, additional paid-in capital, and accumulated deficit; and to restate the consolidated statements of operations for the three- and nine-month periods ended September 30, 2005 and September 30, 2004, to correct amounts reported in gross revenues and research and development expenses. As a result of these restatements, amounts in the consolidated statements of cash flows for the nine-month periods ended September 30, 2005 and 2004 have also been corrected.

A summary of the effects of this restatement to our financial statements included within this Amendment No. 1 on Form 10-Q/A is presented at Note 3, Restatement of Financial Statements.

This Amendment No. 1 amends Part I, Items 1 and 2 and Part II, Item 6 of the Quarterly Report on Form 10-Q for the three- and nine-month periods ended September 30, 2005. This Amendment No. 1 continues to reflect circumstances as of the date of the original filing of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 and we have not updated the disclosures contained herein to reflect events that occurred at a later date, except for items related to the restatement or where otherwise indicated.

We do not anticipate filing amended Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for any periods prior to the first quarter of 2005. Our Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q from the second quarter of 2003 through fiscal 2004 have not been revised to reflect the restatement and the consolidated financial statements contained in those reports should not be relied upon. Instead, the consolidated financial statements for fiscal 2004 and 2003 included in our Annual Report on Form 10-K for the fiscal period ended December 31, 2005 should be relied upon.

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CURIS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2005	December 31, 2004
	(as restated)	(as restated)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 22,884,331	\$ 22,679,924
Marketable securities	20,013,996	26,834,038
Accounts receivable	2,026,140	1,226,460
Prepaid expenses and other current assets	1,004,128	796,618
Total current assets	45,928,595	51,537,040
Property and Equipment, net	5,015,497	3,416,620
Other Assets:		
Long-term investments		2,606,681
Long-term investments restricted	195,998	193,166
Goodwill, net	8,982,000	8,982,000
Other intangible assets, net	45,818	102,122
Deposits and other assets	475,664	494,413
Total other assets	9,699,480	12,378,382
	\$ 60,643,572	\$ 67,332,042
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Debt, current portion	\$ 1,634,680	\$ 1,141,294
Convertible notes payable	2,556,962	
Accounts payable	1,320,839	1,643,219
Accrued liabilities	2,271,819	1,078,687
Deferred revenue, current portion	1,236,152	819,640
Total current liabilities	9,020,452	4,682,840
Long-term debt obligations, net of current portion	1,187,500	
Convertible notes payable, net of current portion		5,710,007
Deferred revenue, net of current portion	10,440,558	8,356,134
Other long-term liabilities	763,800	271,058
Total liabilities	21,412,310	19,020,039

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Commitments		
Stockholders' Equity:		
Common stock, \$0.01 par value		
125,000,000 shares authorized; 49,333,495 and 48,285,788 shares issued and outstanding, respectively, at September 30, 2005 and 48,565,120 and 47,517,413 shares issued and outstanding, respectively, at December 31, 2004	493,335	485,652
Additional paid-in capital	718,740,861	714,831,427
Treasury stock (at cost, 1,047,707 shares at September 30, 2005 and December 31, 2004)	(891,274)	(891,274)
Deferred compensation	(386,699)	(834,157)
Accumulated deficit	(678,689,593)	(665,199,001)
Accumulated other comprehensive loss	(35,368)	(80,644)
Total stockholders' equity	39,231,262	48,312,003
	\$ 60,643,572	\$ 67,332,042

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**CURIS, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(as restated)	(as restated)	(as restated)	(as restated)
REVENUES:				
License fees	\$ 258,544	\$ 68,100	\$ 582,243	\$ 174,365
Research and development contracts	2,626,072	1,100,881	7,358,750	2,289,033
Substantive Milestones			250,000	50,000
Gross Revenues	2,884,616	1,168,981	8,190,993	2,513,398
Contra-revenues from co-development with Genentech	(819,491)		(5,697,993)	
Net Revenues	2,065,125	1,168,981	2,493,000	2,513,398
COSTS AND EXPENSES:				
Research and development	3,691,261	3,324,079	10,409,583	9,380,846
General and administrative	1,832,802	2,138,070	6,141,013	6,460,769
Amortization of intangible assets	18,768	18,768	56,304	56,304
Total costs and expenses	5,542,831	5,480,917	16,606,900	15,897,919
Loss from operations	(3,477,706)	(4,311,936)	(14,113,900)	(13,384,521)
OTHER INCOME (EXPENSE):				
Interest income	319,208	116,358	861,869	332,530
Other income		39,500	24,958	232,845
Interest expense	(92,843)	(102,474)	(263,519)	(306,753)
Total other income, net	226,365	53,384	623,308	258,622
Net loss	\$ (3,251,341)	\$ (4,258,552)	\$ (13,490,592)	\$ (13,125,899)
Net loss per common share (basic and diluted)	\$ (0.07)	\$ (0.10)	\$ (0.28)	\$ (0.32)
Weighted average common shares (basic and diluted)	48,178,626	41,620,123	47,998,663	41,398,656
Net loss	\$ (3,251,341)	\$ (4,258,552)	\$ (13,490,592)	\$ (13,125,899)
Unrealized gain (loss) on marketable securities	25,585	23,330	45,276	(35,829)
Comprehensive loss	\$ (3,225,756)	\$ (4,235,222)	\$ (13,445,316)	\$ (13,161,728)

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See accompanying notes to unaudited condensed consolidated financial statements.

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CURIS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Nine Months Ended September 30,	
	2005	2004
	(as restated)	(as restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (13,490,592)	\$ (13,125,899)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	668,720	833,045
Stock-based compensation expense	193,004	1,058,678
Non-cash interest on notes payable	152,478	293,549
Amortization of intangible assets	56,304	56,304
Decrease/increase in long-term receivables		
Changes in current assets and liabilities:		
Accounts receivable	(799,680)	(396,368)
Prepaid expenses and other assets	(188,761)	(101,713)
Accounts payable and accrued liabilities	1,363,494	251,008
Deferred contract revenue	2,500,936	3,546,348
Total adjustments	3,946,495	5,540,851
Net cash used in operating activities	(9,544,097)	(7,585,048)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(24,904,025)	(17,383,387)