ATHERSYS, INC / NEW
Form 10-Q
August 09, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

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: 001-33876

Athersys, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-4864095**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3201 Carnegie Avenue, Cleveland, Ohio	**44115-2634**
(Address of principal executive offices)	*(Zip Code)*

Registrant s telephone number, including area code: **(216) 431-9900**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

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 þ 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 (§ 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 o No o
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. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company þ
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No þ
The number of outstanding shares of the registrant s common stock, $0.001 par value, as of July 30, 2010 was 18,929,333.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

Athersys, Inc.
Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	June 30, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 2,427	$ 11,167
Available-for-sale securities	9,596	10,135
Accounts receivable	267	352
Receivable from Angiotech	145	229
Investment interest receivable	108	93
Prepaid expenses and other	187	173
Total current assets	12,730	22,149
Available-for-sale securities	8,080	5,080
Equipment, net	1,027	849
Deposits and other	207	253
Total assets	$ 22,044	$ 28,331
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	$ 938	$ 1,128
Accrued compensation and related benefits	337	667
Accrued clinical trial costs	148	83
Accrued expenses and other	923	857
Deferred revenue	3,038	3,123
Total current liabilities	5,384	5,858
Deferred revenue	2,316	3,516
Stockholders equity:		
Preferred stock, at stated value; 10,000,000 shares authorized, and no shares issued and outstanding at June 30, 2010 and December 31, 2009		
Common stock, $0.001 par value; 100,000,000 shares authorized, and 18,929,333 shares issued and outstanding at June 30, 2010 and December 31, 2009	19	19
Additional paid-in capital	213,748	212,704

Accumulated other comprehensive income	52	71
Accumulated deficit	(199,475)	(193,837)
Total stockholders equity	14,344	18,957
Total liabilities and stockholders equity	$ 22,044	$ 28,331

See accompanying notes to unaudited condensed consolidated financial statements.

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Athersys, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except share and per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	**2009**	**2010**	**2009**
Revenues				
Contract revenue	$ 1,519	$ 281	$ 2,914	$ 469
Grant revenue	352	155	697	337
Total revenues	1,871	436	3,611	806
Costs and expenses				
Research and development	3,405	2,553	6,227	5,164
General and administrative	1,483	1,287	2,920	2,739
Depreciation	70	57	145	117
Total costs and expenses	4,958	3,897	9,292	8,020
Loss from operations	(3,087)	(3,461)	(5,681)	(7,214)
Interest income and other	10	114	43	242
Net loss	$ (3,077)	$ (3,347)	$ (5,638)	$ (6,972)
Basic and diluted net loss per share	$ (0.16)	$ (0.18)	$ (0.30)	$ (0.37)
Weighted average shares outstanding, basic and diluted	18,929,333	18,927,988	18,929,333	18,927,988

See accompanying notes to unaudited condensed consolidated financial statements.

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Athersys, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2010	**2009**
Operating activities		
Net loss	$ (5,638)	$ (6,972)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	145	117
Stock-based compensation	1,044	1,005
Amortization of premium on available-for-sale securities and other	147	90
Changes in operating assets and liabilities:		
Accounts receivable	85	99
Receivable from Angiotech	84	105
Prepaid expenses and other assets	(29)	(137)
Accounts payable and accrued expenses	(389)	(459)
Deferred revenue	(1,285)	(58)
Net cash used in operating activities	(5,836)	(6,210)
Investing activities		
Purchase of available-for-sale securities	(8,081)	(7,634)
Maturities of available-for-sale securities	5,500	10,800
Proceeds from sale of fixed assets		20
Purchases of equipment	(323)	(49)
Net cash (used in) provided by investing activities	(2,904)	3,137
Financing activities		
Decrease in cash and cash equivalents	(8,740)	(3,073)
Cash and cash equivalents at beginning of the period	11,167	12,552
Cash and cash equivalents at end of the period	$ 2,427	$ 9,479

See accompanying notes to unaudited condensed consolidated financial statements.

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Athersys, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
Three and Six-Month Periods Ended June 30, 2010 and 2009

1. Background and Basis of Presentation

We are a biopharmaceutical company engaged in the discovery and development of therapeutic products in one business segment. Our operations consist primarily of research and product development activities.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009. The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and Article 10 of Regulation S-X. Accordingly, since they are interim statements, the accompanying financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accompanying financial statements reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair presentation of financial position and results of operations for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Our critical accounting policies, estimates and assumptions are described in Management s Discussion and Analysis of Financial Condition and Results of Operations, which is included below in this Quarterly Report on Form 10-Q.

Certain prior year amounts have been reclassified to conform with current year presentations.

2. Recently Issued Accounting Standards

In September 2009, Accounting Standards Codification (ASC) 605-25, *Multiple-Element Arrangements*, was updated (Accounting Standards Update (ASU) No. 2009-13) related to revenue recognition for arrangements with multiple elements. The revised guidance provides for two significant changes to the existing guidance, the first relates to the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting, which will likely result in the requirement to separate more deliverables within an arrangement leading to less revenue deferral. The second change modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. Together, these changes are likely to result in earlier recognition of revenue for multiple-element arrangements than under previous guidance. The new guidance also significantly expands the disclosures required for multiple-element revenue arrangements. The new guidance is effective for fiscal years beginning on or after June 15, 2010, and early adoption is permitted provided that the new guidance is retroactively applied to the beginning of the year of adoption. We have not yet evaluated the potential effect of the future adoption of this new guidance.

In March 2010, ASC 605-28, *Milestone Method of Revenue Recognition*, was amended (ASU No. 2009-13) related to the ratification of the application of the proportional performance model of revenue recognition when applied to milestones in research and development arrangements. Accordingly, the consensus states that an entity can make an accounting policy election to recognize a payment that is contingent upon the achievement of a substantive milestone in its entirety in the period in which the milestone is achieved. The new guidance is effective for fiscal years beginning on or after June 15, 2010, and may be applied prospectively or retrospectively. Early adoption is permitted provided that the new guidance is retrospectively applied to the beginning of the year of adoption. We do not expect this new guidance to have a material effect on our financial statements upon adoption.

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3. Net Loss per Share

Basic and diluted net loss per share has been computed using the weighted-average number of shares of common stock outstanding during the period. We have outstanding options and warrants that are not used in the calculation of diluted net loss per share because to do so would be antidilutive. The following instruments were excluded from the calculation of diluted net loss per share because their effects would be antidilutive:

1) Outstanding stock options to purchase 4,124,262 shares of common stock for both the three- and six-month periods ended June 30, 2010 and 3,866,149 shares of common stock for both the three- and six-month periods ended June 30, 2009; and
2) Warrants to purchase 5,125,496 shares of common stock for each of the three- and six-month periods ended June 30, 2010 and 2009.

4. Comprehensive Loss

All components of comprehensive loss, including net loss, are reported in the financial statements in the period in which they are recognized. Comprehensive loss is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources.

Below is a reconciliation, in thousands, of net loss to comprehensive loss for all periods presented.

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net loss	$ (3,077)	$ (3,347)	$ (5,638)	$ (6,972)
Unrealized (loss) gain on available-for-sale securities	(6)	61	(19)	8
Comprehensive loss	$ (3,083)	$ (3,286)	$ (5,657)	$ (6,964)

5. Fair Value of Financial Instruments

Our available-for-sale securities include U.S. government obligations and corporate debt securities. As of June 30, 2010, approximately 86% of our investments were in U.S. government obligations, including government-backed agencies.

The inputs used to measure fair value are classified into the following hierarchy:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 Unobservable inputs for the asset or liability.

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The following table provides a summary of the fair values of our assets and liabilities measured at fair value on a recurring basis as of June 30, 2010 (in thousands):

		Fair Value Measurements at June 30, 2010 Using		
Description	Balance as of June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale securities	$ 17,676	$ 17,676	$	$

Fair value is based upon quoted market prices in active markets. We had no level 2 or level 3 assets at June 30, 2010. We review and reassess the fair value hierarchy classifications on a quarterly basis. Changes from one quarter to the next related to the observability of inputs to a fair value measurement may result in a reclassification between hierarchy levels.

The following is a summary of available-for-sale securities (in thousands) at June 30, 2010 and December 31, 2009, respectively:

	Amortized Cost	Gross Unrealized Losses	Gross Unrealized Gains	Estimated Fair Value
June 30, 2010:				
U.S. government obligations, which included government-backed agencies	$ 15,083	$	$ 37	$ 15,120
Corporate debt securities	2,541		15	2,556
	$ 17,624	**$**	**$ 52**	**$ 17,676**
December 31, 2009:				
U.S. government obligations, which included government-backed agencies	$ 12,613	$ (12)	$ 52	$ 12,653
Corporate debt securities	2,531		31	2,562
	$ 15,144	**$ (12)**	**$ 83**	**$ 15,215**

We had no realized gains or losses on the sale of available-for-sale securities for any of the periods presented. Unrealized gains and losses on our available-for-sale securities are excluded from earnings and are reported as a separate component of stockholders equity within accumulated other comprehensive income until realized. When available-for-sale securities are sold in the future, the cost of the securities will be specifically identified and used to determine any realized gain or loss. The net unrealized gain on available-for-sale securities was $52,000 and $71,000 as of June 30, 2010 and December 31, 2009, respectively.

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The amortized cost of and estimated fair value of available-for-sale securities at June 30, 2010 by contractual maturity are shown below (in thousands). Actual maturities may differ from contractual maturities because the issuers of the securities may have the right to repay the obligations without prepayment penalties. Although the investments are available-for-sale, it is our intention to hold the investments classified as long-term for more than a year from June 30, 2010.

	June 30, 2010	
	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 9,562	$ 9,596
Due after one year through two years	8,062	8,080
	$ 17,624	**$ 17,676**

6. Collaborative Arrangements and Revenue Recognition

Collaborative Arrangements

Collaborative arrangements that involve cost or future profit sharing are reviewed to determine the nature of the arrangement and the nature of the collaborative parties businesses. The arrangements are also reviewed to determine if one party has sole or primary responsibility for an activity, or whether the parties have shared responsibility for the activity. If responsibility for an activity is shared and there is no principal party, then the related costs of that activity are recognized by us on a net basis in the statement of operations (e.g., total cost, less reimbursement from collaborator). If we are deemed to be the principal party for an activity, then the costs and revenues associated with that activity are recognized on a gross basis in the statement of operations. The accounting may be susceptible to change if the nature of a collaborator s business changes. Currently, our only collaboration accounted for on a net basis is our cost-sharing collaboration with Angiotech Pharmaceuticals, Inc. (Angiotech), since the responsibilities under this collaboration are shared with no principal party.

Revenue Recognition

Our license and collaboration agreements may contain multiple elements, including license and technology access fees, research and development funding, manufacturing revenue, cost-sharing, milestones and royalties. The deliverables under such an arrangement are evaluated under ASC 605-25, *Multiple-Element Arrangements*, (which originated primarily from the guidance in EITF 00-21) to assess whether they have standalone value and objective and reliable evidence of fair value, and if so, are accounted for as a single unit. We then recognize revenue for each unit based on the culmination of the earnings process under ASC 605-S25 (issued as SAB Topic 13) and our estimated performance period for the single units of accounting based on the specific terms of each collaborative agreement. We subsequently adjust the estimated performance periods, if appropriate, on a prospective basis based upon available facts and circumstances. Future changes in estimates of the performance period may materially impact the timing of future revenue recognized. Amounts received prior to satisfying the revenue recognition criteria for contract revenues are recorded as deferred revenue in the accompanying balance sheets. Reimbursement amounts (other than those accounted for using collaboration accounting) paid to us are recorded on a gross basis in the statements of operations as contract revenues. We entered into a collaboration agreement with Pfizer Inc. (Pfizer) in December 2009 that contains multiple elements and deliverables, as described below.

Also included in contract revenue are license fees received from Bristol-Myers Squibb, which are specifically set forth in the license and collaboration agreement as amounts due to us based on our completion of certain tasks (e.g., delivery and acceptance of a cell line) and development milestones (e.g., clinical trial phases), and as such, are not based on estimates that are susceptible to change. Such amounts are invoiced and recorded as revenue as tasks are completed and as milestones are achieved.

Similarly, grant revenue consists of funding under cost reimbursement programs primarily from federal and state sources for qualified research and development activities performed by us, and as such, are not based on estimates that are susceptible to change. Such amounts are invoiced (unless prepaid) and recorded as revenue as tasks are completed.

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Angiotech

In our co-development collaboration with Angiotech, we bear all preclinical costs and the parties jointly fund clinical development activity. We have primary responsibility for preclinical and early clinical development and clinical manufacturing, and Angiotech will take the lead on pivotal and later clinical trials and commercialization. The parties will share net profits from the future sale of approved products and we may receive equity investments and cash payments based on the successful achievement of specified clinical development and commercialization milestones. We continue to jointly fund clinical development activities with Angiotech in accordance with our co-development collaboration, and $145,000 was due from Angiotech as of June 30, 2010. Our clinical costs for the three months ended June 30, 2010 and 2009 are reflected net of Angiotech s cost-sharing amount of $145,000 and $129,000, respectively.

Pfizer

In December 2009, we entered into a collaboration with Pfizer to develop and commercialize MultiStem to treat inflammatory bowel disease (IBD) for the worldwide market. Under the terms of the agreement, we received an up-front license and technology access payment of $6.0 million from Pfizer and receive research funding and support. In addition, we are also eligible to receive milestone payments upon the successful achievement of certain development, regulatory and commercial milestones, for which we evaluated the nature of the events triggering these contingent payments and concluded that these events constituted substantive milestones that will be recognized as revenue in the period in which the underlying triggering event occurs.

Pfizer will pay us for manufacturing product for clinical development and commercialization purposes. Pfizer will have responsibility for development, regulatory and commercialization and will pay us tiered royalties on worldwide commercial sales of MultiStem IBD products. Alternatively, in lieu of royalties and certain commercialization milestones, we may elect to co-develop with Pfizer and the parties will share development and commercialization expenses and profits/losses on an agreed basis beginning at phase III clinical development.

We evaluated the facts and circumstances of the agreement to determine whether the Pfizer agreement has obligations constituting deliverables and concluded that it has multiple deliverables, including deliverables relating to the grant of a license and access to our technology, performance of research and development services and performance of certain manufacturing services, and concluded that these deliverables should be combined into a single unit of accounting. We recognize the license and technology access fee and research and development funding ratably on a straight-line basis over the estimated performance period, which began in December 2009 and is estimated to be completed in 2012, and recognize manufacturing revenue when services are performed. Prepaid license and technology access fee and prepaid research and development funding are recorded as deferred revenue and are amortized on a straight-line basis over the research period.

7. Stock-based Compensation

Our equity incentive plans authorize an aggregate of 4,500,000 shares of common stock for awards to employees, directors and consultants. These incentive plans authorize the issuance of equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units, and other stock-based awards to qualified employees, directors and consultants.

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As of June 30, 2010, a total of 376,813 shares were available for issuance under our equity compensation plans and options to purchase 4,124,262 shares of common stock were outstanding (which includes options to purchase 1,075 shares of common stock related to our old option plans prior to our merger in June 2007). For the three-month periods ended June 30, 2010 and 2009, stock-based compensation expense was approximately $594,000 and $492,000, respectively. At June 30, 2010, total unrecognized estimated compensation cost related to unvested stock options was approximately $732,000, which is expected to be recognized by the end of 2013 using the straight-line method.

8. Warrants

As of June 30, 2010, we had the following outstanding warrants to purchase shares of common stock:

Number of underlying shares		Exercise Price	Expiration
4,976,470	$	6.00	June 8, 2012
149,026	$	5.00	June 8, 2014
5,125,496			

9. Income Taxes

We have net operating loss and research and development tax credit carryforwards that may be used to reduce future taxable income and tax liabilities. Our deferred tax assets have been fully offset by a valuation allowance due to our cumulative losses.

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

This discussion and analysis should be read in conjunction with our financial statements and notes thereto included in this Quarterly Report on Form 10-Q and the audited financial statement and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009. Operating results are not necessarily indicative of results that may occur in future periods.

Overview and Recent Developments

We are a biopharmaceutical company engaged in the discovery and development of therapeutic product candidates designed to extend and enhance the quality of human life. Through the application of our proprietary technologies, we have established a pipeline of therapeutic product development programs in multiple disease areas. Our current product development portfolio includes MultiStem®, a patented and proprietary stem cell product that we are developing as a treatment for multiple disease indications, and is currently being evaluated in clinical trials. In addition, we are developing novel pharmaceuticals to treat indications such as obesity and for certain cognitive, attention and wakefulness disorders.

Current Programs

In 2008, we advanced two MultiStem programs into clinical development, initiating phase I studies in cardiovascular disease (treating patients that have suffered an acute myocardial infarction, or AMI) and in oncology treatment support (administering MultiStem to leukemia or lymphoma patients who are receiving a traditional bone marrow or hematopoietic stem cell transplant to reduce the risk or severity of graft-versus-host disease, or GvHD). We are conducting the AMI clinical trial with our partner Angiotech Pharmaceuticals, Inc., and we completed phase I enrollment in the first quarter of 2010. On July 28, 2010, we announced positive results of the phase I clinical trial, based on four months of post-treatment patient data, which demonstrate that MultiStem was well tolerated at all dose levels and also suggest improvement in heart function in treated patients. With Angiotech, we will continue to evaluate the phase I results and intend to begin planning for a subsequent clinical study, which we currently anticipate will be initiated in 2011. In our GvHD trial, we have completed dosing in the first four of six dosing cohorts in the single dose arm of the study. In the first quarter of 2010, we received authorization from the independent safety committee to commence the multi-dose arm of the GvHD trial and are currently dosing patients.

In addition to these two MultiStem clinical studies, we have authorization from the Food and Drug Administration, or FDA, to initiate a third clinical study administering MultiStem to patients for the treatment of ischemic stroke, a leading cause of death and disability. In 2009, we took a cautious approach to initiating this clinical study in light of the volatile and uncertain capital markets. While we continue our preparations to initiate this phase I trial, we also have been furthering our research efforts designed to deepen our understanding of the ways in which MultiStem promotes healing and repair in the wake of an ischemic stroke or other neurological injury.

In December 2009, we entered into a collaboration agreement with Pfizer Inc. to develop and commercialize MultiStem for the treatment of inflammatory bowel disease, or IBD, for the worldwide market. We are currently planning and preparing for a phase I clinical study in IBD and plan to initiate the study as soon as possible after regulatory approval.

We are also independently developing novel orally active pharmaceutical products for the treatment of obesity and for certain cognitive, attention and wakefulness disorders. We are actively evaluating these compounds, as we seek to identify candidates to advance further into development while we pursue collaboration partners who could work with us to develop these promising candidate compounds.

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Financial

We have incurred losses since inception of operations in 1995 and had an accumulated deficit of $199 million at June 30, 2010. Our losses have resulted principally from costs incurred in research and development, clinical and preclinical product development, acquisition and licensing costs, and general and administrative costs associated with our operations. We have used the financing proceeds from private equity and debt offerings and other sources of capital to develop our technologies, to discover and develop therapeutic product candidates and to acquire certain technologies and assets. We have also built drug development capabilities that have enabled us to advance product candidates into clinical trials. We have established strategic collaborations that have provided revenues and capabilities to help further advance our product candidates, and we have also built a substantial portfolio of intellectual property.

Results of Operations

Since our inception, our revenues have consisted of contract revenues and milestone payments from our collaborators, and grant proceeds, primarily from federal and state grants. We have derived no revenue on the sale of FDA-approved products to date. Research and development expenses consist primarily of external clinical and preclinical study fees, manufacturing costs, salaries and related personnel costs, legal expenses resulting from intellectual property application processes, facility costs, and laboratory supply and reagent costs. We expense research and development costs as they are incurred. We expect to continue to make significant investments in research and development to enhance our technologies, advance clinical trials of our product candidates, expand our regulatory affairs and product development capabilities, conduct preclinical studies of our product and manufacture our product candidates. General and administrative expenses consist primarily of salaries and related personnel costs, professional fees and other corporate expenses. We expect to continue to incur substantial losses through at least the next several years.

The following tables set forth our revenues and expenses for the periods indicated and amounts are stated in thousands.

Revenues

	Three months ended June 30,		Six months ended June 30,	
	2010	**2009**	**2010**	**2009**
Contract revenue	$ 1,519	$ 281	$ 2,914	$ 469
Grant revenue	352	155	697	337
	$ 1,871	**$ 436**	**$ 3,611**	**$ 806**

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Research and development expenses

Type of expense	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Personnel costs	$ 1,014	$ 842	$ 1,966	$ 1,665
Research supplies	324	237	586	490
Facilities	203	196	422	404
Clinical and preclinical development costs	836	150	1,314	659
Sponsored research	256	203	461	333
Patent legal fees	312	393	613	660
Other	222	333	474	540
Stock-based compensation	238	199	391	413
	$ 3,405	**$ 2,553**	**$ 6,227**	**$ 5,164**

General and administrative expenses

	Three months ended	&