

FATE THERAPEUTICS INC
Form 10-Q
November 12, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO 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 EXCHANGE ACT OF 1934

From the transition period from to .

Commission File Number 001-36067

FATE THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction)

65-1311552
(IRS Employer

of incorporation or organization)

Identification No.)

3535 General Atomics Court, Suite 200, San Diego, CA
(Address of principal executive offices)

92121
(Zip Code)

(858) 875-1800

(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 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

Smaller reporting company

(Do not check if a 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 November 11, 2014, 20,569,399 shares of the registrant's common stock, par value \$0.001 per share, were issued and outstanding.

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FORM 10-Q

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(in thousands, except share and per share data)

| | September 30, 2014 (unaudited) | December 31, 2013 |
|--|---|-------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 45,530 | \$ 54,036 |
| Prepaid expenses and other current assets | 94 | 615 |
| Total current assets | 45,624 | 54,651 |
| Property and equipment, net | 1,240 | 810 |
| Restricted cash | 122 | 122 |
| Other assets | 24 | |
| Total assets | \$ 47,010 | \$ 55,583 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,157 | \$ 682 |
| Accrued expenses | 2,010 | 2,039 |
| Current portion of deferred rent | 77 | 53 |
| Repurchase liability for unvested equity awards | 57 | 94 |
| Long-term debt, current portion | 611 | 1,732 |
| Total current liabilities | 3,912 | 4,600 |
| Deferred rent | 76 | 135 |
| Accrued expenses | 57 | |
| Long-term debt, net of current portion | 9,389 | |
| Commitments and contingencies (Note 4) | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.001 par value; authorized shares 5,000,000 at September 30, 2014 and December 31, 2013; no shares issued or outstanding | | |
| Common stock, \$0.001 par value; authorized shares 150,000,000 at September 30, 2014 and December 31, 2013; issued and outstanding shares 20,562,773 at September 30, 2014 and 20,434,080 at December 31, 2013 | 21 | 20 |
| Additional paid-in capital | 139,714 | 137,337 |
| Accumulated deficit | (106,159) | (86,509) |
| Total stockholders' equity | 33,576 | 50,848 |
| Total liabilities and stockholders' equity | \$ 47,010 | \$ 55,583 |

See accompanying notes.

Table of Contents**Fate Therapeutics, Inc.****Condensed Consolidated Statements of Operations and Comprehensive Loss**

(in thousands, except share and per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------|-------------------------------------|---------|------------------------------------|----------|
| | 2014 | 2013 | 2014 | 2013 |
| | (unaudited) | | | |
| Revenues: | | | | |
| Collaboration revenue | \$ | \$ | 209 | \$ |
| Grant revenue | | | | 345 |
| Total revenue | | 209 | | 971 |
| Operating expenses: | | | | |
| Research and development | 4,080 | 3,378 | 12,570 | 8,976 |
| General and administrative | 1,904 | 1,979 | 6,391 | 4,768 |
| Total operating expenses | 5,984 | 5,357 | 18,961 | 13,744 |
| Loss from operations | (5,984) | (5,148) | (18,961) | (12,773) |
| Other income (expense): | | | | |
| Interest income | | 2 | 1 | 3 |
| Interest expense | (187) | (230) | (258) | (418) |
| Loss on extinguishment of debt | (432) | | | |