

AVI BIOPHARMA INC  
Form 10-Q/A  
November 05, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q/A**

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(Mark One)

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

**For the quarterly period ended March 31, 2007**

**OR**

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

**For the transition period from      to**

**Commission file number 0-22613**

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**AVI BIOPHARMA, INC.**

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(Exact name of registrant as specified in its charter)

**Oregon**

(State or other jurisdiction of incorporation  
or organization)

**93-0797222**

(I.R.S. Employer Identification No.)

**One SW Columbia Street, Suite 1105, Portland, Oregon**

(Address of principal executive offices)

**97258**

(Zip Code)

Issuer's telephone number, including area code: **503-227-0554**

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Indicate by check mark whether the issuer (1) 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 Securities Exchange Act of 1934 (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer .

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes  No

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

**Common Stock with \$.0001 par value**  
(Class)

**53,628,073**  
(Outstanding at May 4, 2007)

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AVI BIOPHARMA, INC.

FORM 10-Q

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**EXPLANATORY NOTE**

We are filing this Amendment to our Form 10-Q for the periods ended March 31, 2007 and 2006, filed on May 10, 2007, to amend and restate our balance sheets as of March 31, 2007 and December 31, 2006, and our statements of operations and cash flows for the periods ended March 31, 2007, March 31, 2006, and the period from July 22, 1980 (inception) through March 31, 2007. This Amendment to the Original Filing amends our classification of certain warrants that were previously recorded in equity. These warrants were issued in registered offerings and require settlement in registered shares. As a result, they cannot be classified within equity according to generally accepted accounting principles. Instead, the warrants issued by the Company should be recorded as a liability at fair value at the date of grant, and marked to market at each reporting period. Changes in fair value are recorded in earnings.

See Note 2 Restatement of Prior Financial Information of the Notes to the Financial Statements included in this Form 10-Q/A for a detailed discussion of the effect of this restatement.

For the convenience of the reader, this Amendment sets forth our Original 10-Q in its entirety, as amended by the changes related to the restatement. No attempt has been made in this Amendment to update other disclosures presented in our Original 10-Q, except as required to reflect the effects of the restatement. This Amendment does not reflect events occurring after the filing of our Original 10-Q, or modify or update those disclosures, including the exhibits to the Original 10-Q effected by subsequent events except as applicable in our financial statement footnotes subsequent event disclosures. The following sections of our Original 10-Q have been amended:

Item 1 Financial Statements; and

Item 2 - Management's Discussion and Analysis or Plan of Operation.

This Amendment has been signed as of a current date and all certifications of our Chief Executive Officer and Chief Financial Officer are given as of a current date. Accordingly, this Amendment should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the filing of the Original 10-Q, including any amendments to those filings.

## AVI BIOPHARMA, INC.

(A Development Stage Company)

## BALANCE SHEETS

(unaudited)

	March 31, 2007 (Restated)	December 31, 2006 (Restated)
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 14,964,915	\$ 20,159,201
Short-term securities available-for-sale	12,081,196	12,992,931
Accounts receivable	551,783	51,498
Other current assets	709,486	736,283
<b>Total Current Assets</b>	<b>28,307,380</b>	<b>33,939,913</b>
Property and Equipment, net of accumulated depreciation and amortization of \$10,603,407 and \$10,174,712	4,103,482	4,329,583
Patent Costs, net of accumulated amortization of \$1,533,630 and \$1,496,699	2,611,476	2,558,541
Other Assets	284,709	34,709
<b>Total Assets</b>	<b>\$ 35,307,047</b>	<b>\$ 40,862,746</b>
<b>Liabilities and Shareholders Equity</b>		
Current Liabilities:		
Accounts payable	\$ 1,889,929	\$ 1,401,584
Accrued employee compensation	1,021,336	1,371,353
Warrant liability	3,693,885	5,192,576
Other liabilities	1,435,490	377,908
<b>Total Current Liabilities</b>	<b>8,040,640</b>	<b>8,343,421</b>
Commitments and Contingencies		
Shareholders Equity:		
Preferred stock, \$.0001 par value, 20,000,000 shares authorized; none issued and outstanding		
Common stock, \$.0001 par value, 200,000,000 shares authorized; 53,282,841 and 53,182,841 issued and outstanding	5,328	5,318
Additional paid-in capital	234,658,816	231,685,419
Accumulated other comprehensive income	16,377	18,418
Deficit accumulated during the development stage	(207,414,114)	(199,189,830)
<b>Total Shareholders Equity</b>	<b>27,266,407</b>	<b>32,519,325</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>\$ 35,307,047</b>	<b>\$ 40,862,746</b>

See accompanying notes to financial statements.

AVI BIOPHARMA, INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS

(unaudited)

	<b>Three months ended March 31,</b>		<b>July 22, 1980</b>
	<b>2007</b>	<b>2006</b>	<b>(Inception) to</b>
	<b>(Restated)</b>	<b>(Restated)</b>	<b>March 31, 2007</b>
			<b>(Restated)</b>
Revenues from license fees, grants and research contracts	\$ 536,042	\$ 65,962	\$ 10,516,861
Operating expenses:			
Research and development	6,317,641	6,763,245	153,964,856
General and administrative	4,303,885	2,821,726	45,124,413
Acquired in-process research and development			