

DOR BIOPHARMA INC
Form 10KSB/A
April 15, 2004

As filed with the Securities and Exchange Commission on March 30, 2004

SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-KSB/A

Amendment No. 1

to

ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2003

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____
Commission File No. 1-14778

DOR BioPharma, Inc. (Name of small business issuer in its charter)

Delaware (State or other jurisdiction of incorporation or organization) 41-1505029 (I.R.S. Employer Identification Number)
1691 Michigan Ave, Suite 435 Miami, FL 33139 305-534-3383

(Address, including zip code, and telephone number, including area code of registrant's principal executive offices)

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class of Securities to be Registered	Name of Each Exchange on Which Registered
Common Stock, par value \$.001 per share	American Stock Exchange

Securities registered under Section 12(g) of the Securities Exchange act:

Title of Each Class of Securities to be Registered	Name of Each Exchange on Which Registered
None	None

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

Issuer's revenues for its most recent fiscal year : \$83,817

The aggregate market value of the common stock held by non-affiliates (assuming, for this purpose, that executive officers, directors and holders of 10% or more of the common stock are affiliates), computed by reference to the closing price of such stock as of March 24, 2004, was \$34,854,985.

At March 24, 2004, 42,032,936 shares of the registrant's common stock (par value \$.001 per share) were outstanding.

Transitional Small Business Issuer: Yes No

Documents Incorporated by Reference

Purpose of Amendment

The purpose of this amendment on Form 10-KSB/A of DOR BioPharma, Inc. (the "Company") is to (a) provide a conformed signature on the report of the independent certified Public Accountants of Sweeney, Gates & Co. included in the Company's annual report on Form 10-KSB for the year ended December 31, 2003 (the "Form 10-KSB"), which signature was inadvertently omitted from the Form 10-KSB as filed by the Company with the SEC on March 30, 2004, and (b) to correct certain minor typographical errors contained in the financial statements included in the Form 10-KSB. Sweeney, Gates & Co. had provided the Company with a manually signed report of certified independent auditors prior to the filing of the Form 10-KSB, but due to a printing error, the conformed signature was not included in the Form 10-KSB as filed with the SEC.

Item 13. Exhibits, List and Reports on Form 8-K.

(a) The following financial statements and exhibits are filed as part of this report:

(1) Financial Statements:

(i) Report of Independent Certified Public Accountants.

(ii) Consolidated Balance Sheets as of December 31, 2003 and December 31, 2002.

(iii) Consolidated Statement of Operations for the periods ended December 31, 2003 and 2002 and cumulative from February 15, 1985 (date of inception) to December 31, 2003.

(iv) Consolidated Statement of Cash Flows for the periods ended December 31, 2003 and 2002 and cumulative from February 15, 1985 (date of inception) to December 31, 2003.

(v) Consolidated Statement of Stockholders Equity for the period from February 15, 1985 (date of inception) to December 31, 2003.

(vi) Notes to Consolidated Financial Statements.

(2) Exhibits:

3.1 Amended and Restated Certificate of Incorporation. (10)

3.2 By-laws. (11)

4.1 Form of Investor Warrant issued to each investor dated as of April 12, 2000. (1)

4.2 Finder Warrant issued to Paramount Capital, Inc. dated as of April 12, 2000. (1)

4.3 Warrant issued to Aries Fund dated as of May 19, 1997. (1)

4.4 Warrant issued to Aries Domestic Fund, L.P. dated as of May 19, 1997. (1)

- 4.5 Warrant issued to Paramount Capital, Inc. dated as of October 16, 1997. (2)
- 4.6 Warrant issued to Paramount Capital, Inc. dated as of October 16, 1997. (2)
- 4.7 Warrant issued to Élan International Services, Ltd. Dated January 21, 1998. (3)
- 4.8 Form of Warrant to be issued to CTD warrant holders. (4)
- 4.9 Form of Warrant issued to each investor in the December 2002 private placement.
- 4.10 Form of Warrant issued to each investor in the September 2003 private placement. (8)
- 4.11 Form of Warrant issued to each investor in the March 2004 private placement. (9)
- 10.1 Amended and Restated 1995 Omnibus Incentive Plan. (10)
- 10.2 Lease dated September 1, 2003 between the Company and L.N.R. Jefferson LLC.
- 10.3 Financial Advisory Agreement between the Company and Paramount Capital, Inc. dated as of October 18, 2001. (6)
- 10.4 Form of Affiliate Agreement dated as of August 15, 2001 by and between the Company and the affiliates of CTD. (5)
- 10.5 Noncompetition and Nonsolicitation Agreement entered into by and among the Company, CTD and Steve H. Kanzer dated as of November 29, 2001. (7)
- 10.6 Termination of the Endorex Newco joint venture between the Company, Élan Corporation, Élan international services, and Elan Pharmaceutical Investments dated December 12, 2002. (7)
- 10.7 Option Agreement with General Alexander M. Haig Jr. (7)
- 10.8 Employment agreement between the Company and Ralph Ellison dated March 13, 2003. (7)
- 10.9 License Agreement between the Company and The University of Texas Southwestern Medical Center
- 10.10 License Agreement between the Company and Thomas Jefferson University
- 10.11 License Agreement between the Company and The University of Texas Medical Branch
- 10.12 Consulting Agreement between the Company and Lance Simpson of Thomas Jefferson University (7)
- 10.13 Form of Subscription Agreement between the Company and each investor dated July, 18 2003. (8)
- 10.15 Form of Securities Purchase Agreement between the Company and each investor dated March 4, 2004. (9)
- 10.16 Form of Registration Rights Agreement between the Company and each Investor dated March 4, 2004. (9)
- 14.1 Code of Ethics for Financial Officers.

- 16.1 Letter from Ernst & Young ending their engagement.
- 21.1 Subsidiaries of the Company
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
- 32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
- 32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this annual report .

- (1) Incorporated by reference to our Registration Statement on Form S-3 (File No. 333-36950), as amended on December 29, 2000.
- (2) Incorporated by reference to our Quarterly Report on Form 10-QSB, as amended, for the fiscal quarter ended September 30, 1997.
- (3) Incorporated by reference to our Annual Report on Form 10-KSB, as amended, for the fiscal year ended December 31, 1997.
- (4) Incorporated by reference to our Registration Statement on Form S-4 filed on October 2, 2001.
- (5) Incorporated by reference to our current report on Form 8-K filed on December 14, 2001.
- (6) Incorporated by reference to our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2001, as amended.
- (7) Incorporated by reference to our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002, as amended.
- (8) Incorporated by reference to our current report on Form 8-K filed on July 18, 2003.
- (9) Incorporated by reference to our current report on Form 8-K filed on March 4, 2004.
- (10) Incorporated by reference to our Quarterly Report on Form 10-QSB, as amended, for the fiscal quarter ended September 30, 2003.
- (11) Incorporated by reference to our Quarterly Report on Form 10-QSB, as amended, for the fiscal quarter ended June 30, 2003.

(b) Reports on Form 8-K

We did not file any current reports on Form 8-K during the fourth quarter of 2003.

DOR BIOPHARMA, Inc. AND SUBSIDIARIES

(a development stage company)

CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

Page	
	Report of Independent Certified Public Accountants F 1
	Consolidated Financial Statements:
	Consolidated Balance Sheets as of December 31, 2003 and December 31, 2002 F 2
	Consolidated Statements of Operations for the years ended December 31, 2003 and 2002, and for the period February 15, 1985 to December 31, 2003 F 3
	Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2003 and 2002, and for the period February 15, 1985 to December 31, 2003 F 4
	Consolidated Statements of Cash Flows for the years ended December 31, 2003 and 2002, for the period February 15, 1985 to December 31, 2003. F 10
	Notes to Consolidated Financial Statements F 12

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and

Stockholders

DOR BioPharma, Inc.

We have audited the accompanying consolidated balance sheet of DOR BioPharma, Inc., (a development stage company) as of December 31, 2003 and 2002, and the related statements of operations, stockholders' equity and cash flows for the years then ended and for the period February 15, 1985 (inception) to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of DOR BioPharma, Inc., (a development stage company) as of December 31, 2003 and 2002 and the results of its operations and cash flows for the years then ended and the period February 15, 1985 (inception) to December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

\s\Sweeney, Gates & Co.

Fort Lauderdale, Florida

March 17, 2004

F-1

DOR BioPharma, Inc.
(a development stage company)
Consolidated Balance Sheets

December 31,
2003 2002

Assets

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Current assets:		
Cash and cash equivalents	\$ 4,117,539	\$ 4,147,164
Receivable	20,954	
Prepaid expenses	155,844	104,333
	<u> </u>	<u> </u>
Total current assets	4,294,337	4,251,497
Equipment, net of accumulated amortization of \$141,650 and \$1,162,247	60,795	262,921
Licenses and patent costs, net of accumulated amortization of \$384,333 and \$193,810	1,896,934	1,323,782
	<u> </u>	<u> </u>
Total assets	\$ 6,252,066	\$ 5,838,200
	<u> </u>	<u> </u>
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 211,587	\$ 568,120
Accrued royalties	320,000	130,000
Accrued compensation and other expenses	116,638	124,480
Current portion of long-term debt	359,067	382,122
	<u> </u>	<u> </u>
Total current liabilities	1,007,292	1,204,722
	<u> </u>	<u> </u>
Long-term debt		347,845
	<u> </u>	<u> </u>
Total liabilities	1,007,292	1,552,567
	<u> </u>	<u> </u>
Stockholders equity:		
Preferred stock, \$.001 par value. Authorized 4,600,000 shares; none issued and outstanding		
Series B convertible preferred stock, \$.05 par value. Authorized 200,000 shares; 126,488 and 117,118 issued and outstanding, at liquidation value		
	12,648,768	11,711,822
Common stock, \$.001 par value. Authorized 100,000,000 shares; 34,893,765 and 26,794,642 issued, 34,721,423 and 26,622,300 outstanding		
	34,894	26,795
Additional paid-in capital	67,005,276	61,315,985
Common stock to be issued, 375,498 shares in 2002		436,812
Unearned compensation		(50,148)
Deficit accumulated during the development stage	(73,975,897)	(68,687,366)
	<u> </u>	<u> </u>

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	5,713,041	4,753,900
Less: Cost of 172,342 shares of common stock in treasury	(468,267)	(468,267)
Total stockholders equity	5,244,774	4,285,633
Total liabilities and stockholders equity	\$ 6,252,066	\$ 5,838,200

The accompanying notes are an integral part of these financial statements

F-2

DOR BioPharma, Inc.
(a development stage company)
Consolidated Statement of Operations

	Year ended		Cumulative Period
	December 31,		February 15, 1985
	2003	2002	(Inception) to December 31, 2003
	<u> </u>	<u> </u>	<u> </u>
Grant revenue	\$ 83,817	\$	\$ 183,817
Expenses:			
Cost of revenue	76,197		162,365
Proprietary research and development	2,729,430	2,943,493	22,976,729
General and administrative	2,505,071	2,988,020	20,538,590
Write-off of acquired in-process research and development			10,181,000
Total expenses	5,310,698	5,931,513	53,858,684
Loss from operations	(5,226,881)	(5,931,513)	(53,674,867)
Other income (expenses):			
Equity in earnings (losses) of joint ventures)

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		868,859	(22,179,091)
Other income	(26,389)		236,500
Interest income	28,707	105,676	3,600,003
Interest expense	(63,968)	(9,103)	(422,221)
Total other income (expense)	(61,650)	965,432	(18,764,809)
Net loss	(5,288,531)	(4,966,081)	(72,439,676)
Preferred stock dividends	(936,945)	(1,456,385)	(7,260,631)
Net loss applicable to common stockholders	\$(6,225,476)	\$(6,422,466)	\$(79,700,307)
Basic and diluted net loss per share applicable to common shareholders	\$ (0.21)	\$ (0.29)	
Basic and diluted weighted average common shares outstanding	29,183,312	22,498,894	

The accompanying notes are an integral part of these financial statements

F-3

DOR BioPharma, Inc.
(a development stage company)
Consolidated Statements of Stockholders' Equity

Common Stock	Common Stock to be Issued		Series B and C Convertible Preferred Stock		Additional Paid-In Capital	Accumulated (deficit) During the Development Stage	Other Comprehensive Income	Treasury Stock		Unearned Compensation	Subscription Receivable
	Shares	Par Value	Shares	Stated Value				Shares	Stated Value		
Common stock issued for cash in February 1985	667	\$ 1	\$	\$	\$ 999	\$	\$	\$	\$	\$	\$

\$1.50 per share common stock issued for cash in October 1986	666	1	499,999	
Excess of fair market value over option price of nonqualified stock option granted in 1986			13,230	
Common stock issued in May 1987 at \$750.00 per share for legal services performed for the company	7		5,000	
Net Proceeds from initial public stock offering in June 1987 at \$5,000 per share, less insurance costs	333		1,627,833	
Nonqualified stock options exercised in 1987	48		33,808	(28,188)
Amortization of unearned compensation 1987				7,425
Excess of fair market value over option price of nonqualified stock options granted in 1987			75,063	
	1,721	\$ 2.00	\$ 2,255,932	(20,763)

Balance at December 31, 2017

The accompanying notes are an integral part of these financial statements

F-4

DOR BioPharma, Inc.
(a development stage company)
Consolidated Statements of Stockholders' Equity - Continued

Common Stock Shares	Common Stock Par Value	Common Stock to be Issued Shares	Common Stock Stated Value	Series B and C Convertible Preferred Stock Shares	Series B and C Convertible Preferred Stock Stated Value	Additional Paid-In Capital	(deficit)		Treasury Stock		Unearned Compensation	
							Accumulated During the Development Stage	Other Comprehensive Income	Equity	Cost		
18	\$		\$		\$	256	\$	\$		\$	\$	\$
1						12,000						
(10)						(150)						
						36,524						
												19,113

71 1,060

(12) (175)

113,037

2,174 2 980,178

1,650

5,694 6 51,244

30,635

9,657 \$ 10 \$ \$ \$ \$ \$ \$ \$ \$

\$ 3,480,541

The accompanying notes are an integral part of these financial statements

F-5

DOR BioPharma, Inc.
(a development stage company)
Consolidated Statements of Stockholders' Equity (Continued)

Common Stock		Common Stock to be Issued		Series B and C Convertible Preferred Stock		Additional Paid-In Capital	(deficit)	Other Comprehensive Income	Treasury Stock		Unearned Compensation
Shares	Par Value	Shares	Stated Value	Shares	Stated Value		Accumulated During the Development Stage		Equity	Cost	
2,772	\$ 3		\$		\$	\$ 24,947	\$		\$	\$	\$
15,333	15					22,985					
296,949	297					200,018					16,570

1				1			
66,666	66			6,230,985			
2,000	2			28			
				126,000			(126,000)
							40,750
67				57			
<hr/>							
393,445	\$ 393			\$ 10,102,132			\$ (85,250)

The accompanying notes are an integral part of these financial statements

DOR BioPharma, Inc.
(a development stage company)
Consolidated Statements of Stockholders Equity Continued

	Common Stock		Common Stock to be Issued		Series B and C Convertible Preferred Stock		Additional Paid-In Capital	During the Development Stage	(deficit) Accumulated Other Comprehensive Income	Treasury Stock		Unearned Compensation	S
	Shares	Par Value	Shares	Stated Value	Shares	Stated Value				Equity	Cost		
n of ock		\$		\$		\$	\$	\$		41,975	\$ (300,000)	\$	\$
of ed ons													
ion d ion							(22,402)					22,402	
n of ock										76,667	(143,750)		
of ed ons													
ion d ion							(1,379)					1,379	
ed at 96	333,333	333					324,667						
ed at	333,333	333					999,667						

1996	145,283	146				379,003						
1997	1,173	1				1,407						
						5,000						
1997						5,407,546						
	8,648,718	8,650				15,122,943						
2001	9,855,285	9,856	\$	\$		\$ 32,318,584	\$	\$		118,642	\$ (443,750)	\$

The accompanying notes are an integral part of these financial statements

F-7

DOR BioPharma, Inc.
(a development stage company)
Consolidated Statements of Stockholders' Equity - Continued

Common Stock		Common Stock to be Issued		Series B and C Convertible Preferred Stock		Additional Paid-In Capital	(deficit) Accumulated During the Development Stage	Other Comprehensive Income	Treasury Stock		Unearned Compensation	Subscriptions Received
Shares	Par Value	Shares	Stated Value	Shares	Stated Value				Equity	Cost		

ds									
ce									
on									
nd									
ts									
ary			\$	\$	\$	\$	\$	\$	\$
	307,692	\$ 308			\$ 1,871,537				
ds									
e of									
s in	25,000	25			61,725				
se									
ent									
on									
n	(133,335)	(134)			(129,866)				
eds									
ance									
B									
stock									
er									
March				80,100	8,010,000				
stock									
in				5,986	598,666	(713,187)			
from									
of									
ons	334	4			347				
stock									
1999	819,319	819			1,535,403	(1,536,222)			
stock									
in				6,887	688,634	(1,285,412)			
eds									
ate									
t at									
r									
s									
costs	1,809,520	1,810			7,772,738				
of									
issued									
ge									
ial									
n					87,373	(87,373)			

			12,787							(12,787)						
											95,307					
		71,722	69			215,685										
		104,963	104			(104)										
				7,437	743,700	(1,382,200)										
										(47,553,888)						
										75						
		12,860,500	\$ 12,861	\$	100,410	\$ 10,041,000	\$	40,365,410	\$	(49,090,110)	\$	75	118,642	\$ (443,750)	\$	(4,853)

The accompanying notes are an integral part of these financial statements

F-8

DOR BioPharma, Inc.
(a development stage company)
Consolidated Statements of Stockholders Equity - Continued

Common Stock		Common Stock to be Issued		Series B and C Convertible Preferred Stock		Additional	(deficit)	Other	Treasury Stock		Unearned
Shares	Par Value	Shares	Stated Value	Shares	Stated Value	Paid-In Capital	Accumulated During the Development Stage	Comprehensive Income	Equity	Cost	Compensation
8,083,884	\$ 8,084	1,350,000	\$ 1,687,500	\$	\$	\$ 10,100,771	\$	\$	\$	\$	\$

(21,871)

25,552

(25,552)

30,405

8,033 803,280 (1,486,501)