GeoVax Labs, Inc.
Form 10-Q
May 14, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

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 000-52091

GEOVAX LABS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	87-0455038
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1900 Lake Park Drive Suite 380 Smyrna, Georgia	30080
(Address of principal executive offices)	(Zip Code)

(678) 384-7220
(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 x 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 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, or a non-accelerated filer. See the definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x
(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 o No x

As of May 14, 2012, 17,930,610 shares of the Registrant's common stock, $.001 par value, were issued and outstanding.

GEOVAX LABS, INC.

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Part 1 -- FINANCIAL INFORMATION

Item 1 Financial Statements

GEOVAX LABS, INC.
(A DEVELOPMENT-STAGE ENTERPRISE)
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 2012 (Unaudited)	December 31, 2011
Current assets:		
Cash and cash equivalents	$2,240,486	$1,167,980
Grant funds receivable	345,112	183,515
Prepaid expenses and other current assets	47,935	66,508
Total current assets	2,633,533	1,418,003
Property and equipment, net of accumulated depreciation and amortization of $374,514 and $356,084 at March 31, 2012 and December 31, 2011, respectively	157,776	176,206
Other assets:		
Licenses, net of accumulated amortization of $213,913 and $208,933 at March 31, 2012 and December 31, 2011, respectively	34,942	39,923
Deposits and other assets	11,010	11,010
Total other assets	45,952	50,933
Total assets	$2,837,261	$1,645,142
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$184,136	$138,339
Accrued expenses	33,105	125,869
Amounts payable to Emory University (a related party)	292,958	677,327
Total current liabilities	510,199	941,535
Commitments (Note 4)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized; Series A convertible preferred stock, $1,000 stated value; 2,200 and -0- shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	871,614	-
Common stock, $0.001 par value, 40,000,000 shares authorized; 16,850,610 and 16,442,611 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	16,851	16,443
Additional paid-in capital	24,801,112	23,319,166
Deficit accumulated during the development stage	(23,362,515)	(22,632,002)

Total stockholders' equity	2,327,062	703,607
Total liabilities and stockholders' equity	$2,837,261	$1,645,142

See accompanying notes to condensed consolidated financial statements.

GEOVAX LABS, INC.

(A DEVELOPMENT-STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,		From Inception (June 27, 2001) to March 31,
	2012	2011	2012
Grant revenue	$854,063	$893,002	$21,165,755
Operating expenses:			
Research and development	1,072,354	838,467	26,703,030
General and administrative	512,818	661,813	18,160,477
Total operating expenses	1,585,172	1,500,280	44,863,507
Loss from operations	(731,109)	(607,278)	(23,697,752)
Other income (expense):			
Interest income	596	996	340,906
Interest expense	-	-	(5,669)
Total other income	596	996	335,237
Net loss	$(730,513)	$(606,282)	$(23,362,515)
Basic and diluted:			
Loss per common share	$(0.04)	$(0.04)	$(2.15)
Weighted average shares outstanding	16,716,566	15,651,308	10,857,574

See accompanying notes to condensed consolidated financial statements.

GEOVAX LABS, INC.

(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,		From Inception (June 27, 2001) to March 31,
	2012	2011	2012
Cash flows from operating activities:			
Net loss	$(730,513)	$(606,282)	$(23,362,515)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	23,411	27,092	589,048
Accretion of preferred stock redemption value	-	-	346,673
Stock-based compensation expense	81,576	165,115	6,441,315
Changes in assets and liabilities:			
Grant funds receivable	(161,597)	(277,944)	(345,112)
Prepaid expenses and other current assets	(18,227)	11,285	(47,935)
Deferred offering costs	-	(7,876)	-
Deposits and other assets	-	-	(11,010)
Accounts payable and accrued expenses	(431,336)	151,250	598,989
Total adjustments	(506,173)	68,922	7,571,968
Net cash used in operating activities	(1,236,686)	(537,360)	(15,790,547)
Cash flows from investing activities:			
Purchase of property and equipment	-	-	(538,490)
Proceeds from sale of property and equipment	-	-	5,580
Net cash used in investing activities	-	-	(532,910)
Cash flows from financing activities:			
Net proceeds from sale of common stock	310,160	-	15,836,468
Net proceeds from sale of preferred stock	1,999,032	-	2,727,475
Net cash provided by financing activities	2,309,192	-	18,563,943
Net increase (decrease) in cash and cash equivalents	1,072,506	(537,360)	2,240,486
Cash and cash equivalents at beginning of period	1,167,980	1,079,087	-
Cash and cash equivalents at end of period	$2,240,486	$541,727	$2,240,486
Supplemental disclosure of cash flow information:			
Interest paid	$-	$-	$5,669

See accompanying notes to condensed consolidated financial statements.

GEOVAX LABS, INC.

(A DEVELOPMENT-STAGE ENTERPRISE)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012
(unaudited)

1. Description of Company and Basis of Presentation

GeoVax Labs, Inc. ("GeoVax" or the "Company"), is a biotechnology company developing vaccines that prevent and fight Human Immunodeficiency Virus ("HIV") infections. HIV infections result in Acquired Immunodeficiency Syndrome ("AIDS"). We have exclusively licensed from Emory University ("Emory") vaccine technology which was developed in collaboration with the National Institutes of Health ("NIH") and the Centers for Disease Control and Prevention ("CDC"). GeoVax is incorporated under the laws of the State of Delaware and our principal offices are located in Smyrna, Georgia (metropolitan Atlanta area).

Our current vaccines under development address the clade B subtype of the HIV virus that is most prevalent in the United States and the developed world. Our vaccines are being evaluated to determine their potential to (a) prevent HIV infection and (b) to serve as a therapy for individuals who are already infected with HIV. These vaccines are currently being evaluated in humans -- both in those infected with HIV and those who are not.

GeoVax is devoting all of its present efforts to research and development and is a development stage enterprise as defined by Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 915, "Development Stage Entities". We have funded our activities to date almost exclusively from equity financings and government grants, and we will continue to require substantial funds to continue these activities. We anticipate that our existing cash resources, combined with the proceeds from the NIH grant discussed in Note 7, should be sufficient to fund our planned activities into the first quarter of 2013. In order to meet our operating cash flow requirements, we may conduct additional offerings of our equity securities, debt or convertible debt instruments. We are also seeking additional funding for our research programs through government grant funding mechanisms.

The accompanying financial statements at March 31, 2012 and for the three month periods ended March 31, 2012 and 2011 are unaudited, but include all adjustments, consisting of normal recurring entries, which we believe to be necessary for a fair presentation of the dates and periods presented. Interim results are not necessarily indicative of results for a full year. The financial statements should be read in conjunction with our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011. Our operating results are expected to fluctuate for the foreseeable future. Therefore, period-to-period comparisons should not be relied upon as predictive of the results in future periods.

We disclosed in Note 2 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011 those accounting policies that we consider significant in determining our results of operations and financial position. There have been no material changes to, or in the application of, the accounting policies previously identified and described in the Form 10-K.

2. Recent Accounting Pronouncements

There have been no recent accounting pronouncements or changes in accounting pronouncements during the three months ended March 31, 2012, as compared to the recent accounting pronouncements described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which we expect to have a material impact on our financial statements.

3. Basic and Diluted Loss Per Common Share

Basic net loss per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed using the weighted-average number of common shares and potentially dilutive common share equivalents outstanding during the period. Potentially dilutive common share equivalents consist of convertible preferred stock, stock options and stock purchase warrants. Common share equivalents which potentially could dilute basic earnings per share in the future, and which were excluded from the computation of diluted loss per share, as the effect would be anti-dilutive, totaled approximately 15.1 million and 2.0 million shares at March 31, 2012 and 2011, respectively.

4. Commitments

Lease Agreement

We lease approximately 8,400 square feet of office and laboratory space located in Smyrna, Georgia (metropolitan Atlanta). Future minimum lease payments pursuant to the 62 month operating lease total $91,320 for the remainder of 2012, $125,180 in 2013, and $128,920 in 2014.

Other Commitments

In the normal course of business, we may enter into various firm purchase commitments related to production and testing of our vaccine material, conduct of our clinical trials, and other research-related activities. As of March 31, 2012, we had approximately $455,000 of unrecorded outstanding purchase commitments to our vendors and subcontractors, of which we expect $422,000 will be due in 2012 and $33,000 in 2013.

5. Stockholders' Equity

Series A Convertible Preferred Stock

Our Certificate of Incorporation authorizes us to issue up to 10,000,000 shares of preferred stock, $.01 par value. In March 2012, we established from the authorized preferred stock a series of preferred stock, consisting of 2,200 shares of Series A Convertible Preferred Stock, $1,000 stated value ("Series A Preferred Shares") and entered into a Securities Purchase Agreement ("SPA") whereby we issued to three institutional investors ("Purchasers") the Series A Preferred Shares for gross proceeds of $2.2 million. Net proceeds to the Company from this transaction, after deduction of placement agent fees and other expenses, were approximately $2.0 million.

The Series A Preferred Shares may be converted at any time at the option of the Purchasers into shares of our common stock at a conversion price of $0.75 per share ("Conversion Price"), for an aggregate total of 2,933,333 shares of our common stock ("Conversion Shares"). The Series A Preferred Shares have a liquidation preference equal to the initial purchase price, have no voting rights, and are not entitled to a dividend.

In connection with the sale of the Series A Preferred Shares, we entered into a Registration Rights Agreement ("RRA") with the Purchasers, pursuant to which we filed a registration statement with the Securities and Exchange Commission ("SEC") on April 3, 2012. It was declared effective by the SEC on April 13, 2012.

During April and May 2012, a total of 810 Series A Preferred Shares were converted into 1,080,000 shares of our common stock. As of May 14, 2012, there are 1,390 shares of Series A Preferred Shares outstanding, which are convertible into 1,853,333 shares of our common stock.

Pursuant to the terms of the SPA, we issued to each Purchaser Series A, B and C Warrants (collectively, the "Warrants"), each to purchase up to a number of shares of our common stock equal to 100% of the Conversion Shares underlying the Series A Preferred Shares (up to 2,933,333 shares in the aggregate for each of the three series of warrants, or 8,799,999 shares in total) ("Warrant Shares"). The Series A Warrants have an exercise price of $1.00 per share, are exercisable immediately, and have a term of exercise equal to five years from the date of issuance. The Series B Warrants have an exercise price of $0.75 per share, are exercisable immediately, and have a term of exercise equal to one year from the date of issuance. The Series C Warrants have an exercise price of $1.00 per share and have a term of exercise equal to five years from the date of issuance, but only vest and become exercisable upon, and in proportion to, the exercise of the one-year Series B Warrants. The Warrants contain anti-dilution provisions, which may, under certain circumstances, reduce the exercise price (but have no effect on the number of shares subject to the

Warrants) if we sell or grant options to purchase, including rights to reprice, our common stock or common stock equivalents at a price lower than the exercise price of the Warrants, or if we announce plans to do so.

Accounting Treatment and Allocation of Proceeds. We first assessed the Series A Preferred Shares under ASC Topic 480, "Distinguishing Liabilities from Equity" ("ASC 480") and determined such preferred stock not to be a liability under ASC 480. We next assessed the preferred stock under ASC Topic 815. "Derivatives and Hedging" ("ASC 815"). The preferred stock contains an embedded feature allowing an optional conversion by the holder into common stock which meets the definition of a derivative. However, we believe that the preferred stock is an "equity host" (as described by ASC 815) for purposes of assessing the embedded derivative for potential bifurcation and determined that the optional conversion feature is clearly and closely associated to the preferred stock host; we therefore determined that the embedded derivative does not require bifurcation and separate recognition under ASC 815. We then assessed the preferred stock under ASC Topic 470, "Debt" ("ASC 470"), and determined there to be a beneficial conversion feature ("BCF") requiring recognition at its intrinsic value. Since the conversion option of the preferred stock was immediately exercisable, the amount allocated to the BCF was immediately accreted to preferred dividends, resulting in an increase in the carrying value of the preferred stock. We also assessed the warrants issued in connection with the financing under ASC 815 and determined that they do not initially meet the definition of a derivative, but will require evaluation on an on-going basis.

The following is a summary of the allocation of the net proceeds from the preferred stock financing:

Net proceeds after transaction costs	$1,999,032
Less: Fair value of warrants (recorded to Additional Paid-in Capital)	(1,127,418)
Beneficial conversion feature (recorded to Additional Paid-in Capital)	(762,667)
Net proceeds allocated to preferred stock	108,947
Accretion of beneficial conversion feature (deemed dividend)	762,667
Carrying value of preferred stock at March 31, 2012	$871,614

Common Stock

During January 2012, we sold an aggregate of 407,999 shares of our common stock to twelve individual accredited investors (including 45,000 shares sold to members of our board of directors and management) for an aggregate purchase price of $273,360. We also issued to the investors warrants to purchase an aggregate of 612,001 shares of common stock at a price of $1.00 per share, which expire in January 2017. Additionally, during January, we received $36,800 as payment in full against a stock subscription receivable for common stock and warrants sold during December 2011.

Stock Options

The Company maintains a stock option plan that provides the Board of Directors broad discretion in creating equity incentives for employees, officers, directors and consultants. The following table presents a summary of stock option transactions during the three months ended March 31, 2012:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2011	928,242	$5.43
Granted	--	--
Exercised	--	--
Forfeited or expired	(6,200)	1.28
Outstanding at March 31, 2012	922,042	$5.45
Exercisable at March 31, 2012	589,365	$7.57

During the three months ended March 31, 2012 and 2011, we recorded share-based compensation expense related to stock options of $81,576 and $133,335, respectively. Share-based compensation expense is recognized on a straight-line basis over the requisite service period for the award and is allocated to research and development expense or general and administrative expense based upon the related employee classification. As of March 31, 2012, there was $429,259 of unrecognized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 1.8 years.

Stock Purchase Warrants

We have issued stock purchase warrants in connection with financing transactions and also in exchange for services from consultants and others. The following table presents a summary of stock purchase warrant transactions during the three months ended March 31, 2012:

	Number of Shares	Weighted Average

		Exercise Price
Outstanding at December 31, 2011	1,870,559	$7.96
Issued – Series A Warrants (1)	2,933,333	1.00
Issued – Series B Warrants (1)	2,933,333	0.75
Issued – Series C Warrants (1)	2,933,333	1.00
Issued – Other Warrants (2)	612,001	1.00
Exercised	--	--
Forfeited or expired	--	--
Outstanding at March 31, 2012	11,282,559	$2.09
Exercisable at March 31, 2012	8,345,526	$2.47

(1) See discussion under “Series A Convertible Preferred Stock” above.
(2) See discussion under “Common Stock” above.

We recorded general and administrative expense of $-0- and $1,780 for the three month periods ended March 31, 2012 and 2011, respectively, related to the issuance of stock purchase warrants in exchange for services. As of March 31, 2012, there was no unrecognized compensation expense related to compensatory warrant arrangements.

Common Stock Reserved

A summary of our common stock reserved for future issuance is as follows as of March 31, 2012:

Series A Convertible Preferred Stock	2,933,333
Common Stock Purchase Warrants	11,282,559
Equity Incentive Plans	1,197,529
Total	15,413,421

6. Income Taxes

Because of our historically significant net operating losses, we have not paid income taxes since inception. We maintain deferred tax assets that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These deferred tax assets are comprised primarily of net operating loss carryforwards and also include amounts relating to nonqualified stock options and research and development credits. The net deferred tax asset has been fully offset by a valuation allowance because of the uncertainty of our future profitability and our ability to utilize the deferred tax assets. Utilization of operating losses and credits may be subject to substantial annual limitations due to ownership change provisions of Section 382 of the Internal Revenue Code. The annual limitation may result in the expiration of net operating losses and credits before utilization.

7. NIH Grant Funding

In September 2007, the NIH awarded us an Integrated Preclinical/Clinical AIDS Vaccine Development (IPCAVD) grant to support our HIV/AIDS vaccine program. The project period for the grant covers a five year period which commenced October 2007, with an aggregate award of $20.4 million. As of March 31, 2012 there is approximately $3.3 million of unused grant funds remaining and available for use through August 31, 2012 (the end of the original project period). We are utilizing this funding to further our HIV/AIDS vaccine development, optimization and production. We record revenue associated with the grant as the related costs and expenses are incurred and such revenue is reported as a separate line item in our statements of operations.

8. Related Party Transactions

We are obligated to reimburse Emory University (a significant stockholder of the Company) for certain prior and ongoing costs in connection with the filing, prosecution and maintenance of patent applications subject to our technology license agreement from Emory. The expense associated with these ongoing patent cost reimbursements to Emory amounted to $41,241 during the three month period ended March 31, 2012.

We have entered into two research agreements with Emory for the purpose of conducting research and development activities associated with our IPCAVD grant from the NIH (see Note 7). During the three month period ended March 31, 2012, we recorded $242,347 of expense associated with these contracts. All amounts paid to Emory under these agreements are reimbursable to us pursuant to the NIH grant.

In March 2008, we entered into a consulting agreement with Donald Hildebrand, a former member of our Board of Directors and our former President and Chief Executive Officer, pursuant to which Mr. Hildebrand provides business and technical advisory services to the Company. The term of the consulting agreement, as amended, began on April 1, 2008 and will end on December 31, 2012. During the three month period ended March 31, 2012 we recorded $6,000 of expense associated with the consulting agreement.

In January 2012, members of our management and Board of Directors participated in the private placement offering of our common stock and warrants described in Note 5, whereby they purchased an aggregate of 45,000 shares of our common stock for a total purchase price of $30,150 and received five-year warrants to purchase an additional 67,500 shares of our common stock exercisable at $1.00 per share.

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

FORWARD LOOKING STATEMENTS

In addition to historical information, the information included in this Form 10-Q contains forward-looking statements. Forward-looking statements involve numerous risks and uncertainties, including but not limited to the risk factors set forth under the heading "Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2011, and should not be relied upon as predictions of future events. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as ''believes,'' ''expects,'' ''may,'' ''will,'' ''should,'' ''seeks,'' ''approximately," ''intends,'' ''plans,'' ''pro forma,'' ''estimates,'' or ''anticipates'' or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may be incapable of being realized. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- whether we can raise additional capital as and when we need it;
- whether we are successful in developing our products;
- whether we are able to obtain regulatory approvals in the United States and other countries for sale of our products;
- whether we can compete successfully with others in our market; and
- whether we are adversely affected in our efforts to raise cash by the volatility and disruption of local and national economic, credit and capital markets and the economy in general.

Readers are cautioned not to place undue reliance on forward-looking statements, which reflect our management's analysis only. We assume no obligation to update forward-looking statements.

Overview

GeoVax is a biotechnology company developing vaccines that prevent and fight HIV/AIDS. We have exclusively licensed from Emory University vaccine technology which was developed in collaboration with the NIH and the CDC.

Our current vaccines under development address the clade B subtype of the HIV virus that is most prevalent in the United States and the developed world. Our vaccines are being evaluated to determine their potential to (a) prevent HIV infection and (b) to serve as a therapy for individuals who are already infected with HIV. These vaccines are currently being evaluated in human clinical trials -- both in those infected with HIV and those who are not.

We have neither received regulatory approval for any of our vaccine candidates, nor do we have any commercialization capabilities; therefore, it is possible that we may never successfully derive significant product revenues from any of our existing or future development programs or product candidates.

We expect for the foreseeable future our operations will result in a net loss on a quarterly and annual basis. As of March 31, 2012, we had an accumulated deficit of $23.4 million.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based on the accompanying unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and

related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and adjusts the estimates as necessary. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Our significant accounting policies are summarized in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by such assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted expected future net cash flows from the assets.

Revenue Recognition

We recognize revenue in accordance with the SEC's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements", as amended by Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). SAB 104 provides guidance in applying U.S. generally accepted accounting principles to revenue recognition issues, and specifically addresses revenue recognition for upfront, non-refundable fees received in connection with research collaboration agreements. Our revenue consists solely of grant funding received from the NIH. Revenue from this arrangement is approximately equal to the costs incurred and is recorded as income as the related costs are incurred.

Stock-Based Compensation

We account for stock-based transactions in which the Company receives services from employees, directors or others in exchange for equity instruments based on the fair value of the award at the grant date. Compensation cost for awards of common stock is estimated based on the price of the underlying common stock on the date of issuance. Compensation cost for stock options or warrants is estimated at the grant date based on each instrument's fair-value as calculated by the Black-Scholes option pricing model. The Company recognizes stock-based compensation cost as expense ratably on a straight-line basis over the requisite service period for the award.

Liquidity and Capital Resources

At March 31, 2012, we had cash and cash equivalents of $2,240,486 and total assets of $2,837,261, as compared to $1,167,980 and $1,645,142, respectively, at December 31, 2011. Working capital totaled $2,123,334 at March 31, 2012, compared to $476,468 at December 31, 2011.

Sources and Uses of Cash

We are a development-stage company as defined by ASC Topic 915, "Development Stage Entities" and do not have any products approved for sale. Due to our significant research and development expenditures, we have not been profitable and have generated operating losses since our inception in 2001. Our primary sources of cash are from sales of our equity securities and from government grant funding.

Cash Flows from Operating Activities

Net cash used in operating activities was $1,236,686 for the three month period ended March 31, 2012 as compared to $537,360 for the comparable period in 2011. Generally, the differences between periods are due to fluctuations in our net losses which, in turn, result primarily from fluctuations in expenditures from our research activities, offset or increased by net changes in our assets and liabilities.

The costs of conducting all of our human clinical trials to date, except for our ongoing Phase 1/2 therapeutic trial, have been borne by the HVTN, funded by the NIH, with GeoVax incurring costs associated with manufacturing the clinical vaccine supplies and other study support. The HVTN and the NIH are bearing the cost of conducting our

ongoing Phase 2a preventive trial and for a Phase 1 clinical trial of the GM-CSF adjuvanted version of our vaccine which began in April 2012. We are also planning a Phase 1 therapeutic clinical trial to investigate the use of our vaccine in combination with standard-of-care drug therapy in young adults; we expect this trial to commence in late 2012 with sponsorship by the International Maternal Pediatric Adolescent AIDS Clinical Trial Group (IMPAACT) and funding from the NIH. We are having discussions with the HVTN and NIH with regard to the conduct of a planned Phase 2b clinical trial of our preventive vaccine, and we expect the NIH will support this trial as well. We cannot, however, predict the level of support we will receive from the HVTN or the NIH for any additional clinical trials.

Our operations are partially funded by the IPCAVD grant awarded to us in September 2007 by the NIH to support our HIV/AIDS vaccine program. The project period for the grant covers a five-year period which commenced in October 2007, with an aggregate award of $20.4 million. As of March 31, 2012, there is approximately $3.3 million of unused grant funds remaining and available for use through August 31, 2012 (the end of the original project period). The funding we receive pursuant to this grant is recorded as revenue at the time the related expenditures are incurred, and thus partially offsets our net losses.

We are pursuing additional grants from the federal government. However, as we progress to the later stages of our vaccine development activities, government financial support may be more difficult to obtain, or may not be available at all. Therefore, it will be necessary for us to look to other sources of funding in order to finance our development activities.

Cash Flows from Investing Activities

Our investing activities have consisted predominantly of capital expenditures. There were no capital expenditures during the three months ended March 31, 2012 or for the comparable period in 2011.

Cash Flows from Financing Activities

Net cash provided by financing activities was $2,309,192 for the three month period ended March 31, 2012, as compared to $-0- for the comparable period in 2011.

During January 2012, we received $310,160 from stock sales (including $36,800 received in payment of a stock subscription receivable from December 2011) pursuant to a private placement offering which commenced in December 2011. The cash used by financing activities during the 2011 period relates to costs associated with a previous financing effort which was discontinued.

In March 2012, we sold shares of Series A convertible preferred stock to three institutional investors for an aggregate purchase price of $2.2 million, and five-year Class A warrants to purchase an aggregate of 2,933,333 shares of our common stock at $1.00 per share. Net cash proceeds from the financing transaction after commissions and other expenses was approximately $2.0 million. The preferred stock is convertible at any time into shares of our common stock at $0.75 per share (2,933,333 shares in the aggregate), subject to adjustment as provided in the certificate of designation. We also granted to the investors a one-year additional purchase right, evidenced in the form of Class B warrants to purchase up to 2,933,333 of our common stock for one year with an exercise price of $0.75 per share, and five-year Class C warrants to purchase up to 2,933,333 shares of our common stock at $1.00 per share. The Class B warrants are immediately exercisable. The Class C warrants only become exercisable at the time, and to the extent, that the Class B warrants are exercised.

Our capital requirements, particularly as they relate to product research and development, have been and will continue to be significant. We anticipate incurring additional losses for several years as we expand our drug development and clinical programs and proceed into higher cost human clinical trials. Conducting clinical trials for our vaccine candidates in development is a lengthy, time-consuming and expensive process. We will not generate revenues from the sale of our technology or products for at least several years, if at all. For the foreseeable future, we will be dependent on obtaining financing from third parties in order to maintain our operations, including our clinical program. Due to the existing uncertainty in the capital and credit markets, and adverse regional and national economic conditions that may persist or worsen, capital may not be available on terms acceptable to the Company or at all. If we fail to obtain additional funding when needed, we would be forced to scale back or terminate our operations, or to seek to merge with or to be acquired by another company.

Our current working capital combined with the proceeds from the IPCAVD grant awarded from the NIH is currently sufficient to support our planned level of operations into the first quarter of 2013. We anticipate raising additional capital during 2012 or 2013, although there can be no assurance that we will be able to do so. While we believe that we will be successful in obtaining the necessary financing to fund our operations through government grants, exercise of options and warrants, and/or other sources, there can be no assurances that such additional funding will be available to us on reasonable terms or at all. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences could have a material adverse effect on

our business, operating results, financial condition and prospects.

We have no off-balance sheet arrangements that are likely or reasonably likely to have a material effect on our financial condition or results of operations.

Contractual Obligations

As of March 31, 2012, we had firm purchase obligations of approximately $455,000 as compared to approximately $478,000 at December 31, 2011. We have no committed lines of credit and no other committed funding or long-term debt. We have employment agreements with our senior management team, each of which may be terminated with 30 days advance notice. There have been no other material changes to the table presented in our Annual Report on Form 10-K for the year ended December 31, 2011.

Results of Operations

Net Loss

We recorded a net loss of $730,513 for the three months ended March 31, 2012 as compared to $606,282 for the three months ended March 31, 2011. Our net losses will typically fluctuate due to the timing of activities and related costs associated with our vaccine research and development activities and our general and administrative costs, as described in more detail below.

Grant Revenue

During the three months ended March 31, 2012 we recorded grant revenue of $854,063, as compared to $893,002 during the comparable period of 2011. Our grant revenues relate to the IPCAVD grant awarded to us in 2007 by the NIH to support our HIV/AIDS vaccine program. The project period for the grant covers a five-year period which commenced in October 2007, with an aggregate award of $20.4 million. As of March 31, 2012, there is approximately $3.3 million of unused grant funds remaining and available for use through August 31, 2012 (the end of the original project period). The difference in our grant revenues from period to period is directly related to our expenditures for activities supported by the IPCAVD grant, and can fluctuate dramatically based on the timing of the related expenditures.

Research and Development

During the three months ended March 31, 2012, we incurred $1,072,354 of research and development expense as compared to $838,467 during the three months ended March 31, 2011. Research and development expenses can vary considerably on a period-to-period basis, depending on our need for vaccine manufacturing and testing of manufactured vaccine by third parties, and due to fluctuations in the timing of other external expenditures related to our IPCAVD grant from the NIH. The increase in research and development expense during the three months ended March 31, 2012, as compared to the 2011 period, can mostly be attributed to costs associated with manufacturing a batch of our MVA vaccine. Research and development expense also includes stock-based compensation expense of $20,732 and $53,885 for the three months ended March 31, 2012 and 2011, respectively (see discussion under “Stock-Based Compensation Expense” below). Our research and development costs do not include costs incurred by HVTN in conducting trials of GeoVax vaccines.

We expect that our research and development costs will increase during the remainder of 2012 and beyond as we continue to perform the activities supported by the IPCAVD grant, and as we progress into the later stages of clinical testing for our vaccine candidates currently in human clinical trials.

Our vaccine candidates still require significant, time-consuming and costly research and development, testing and regulatory clearances. Completion of clinical development will take several years or more, but the length of time generally varies substantially according to the type, complexity, novelty and intended use of a product candidate. The costs of the ongoing Phase 2a clinical trial for our preventative vaccine and the recently initiated Phase 1 trial of our GM-CSF adjuvanted vaccine are being funded by the NIH (through HVTN), but we cannot be certain whether the NIH or any other external source will provide funding for further development. We intend to seek government and/or third party support for future clinical human trials, but there can be no assurance that we will be successful. The duration and the cost of future clinical trials may vary significantly over the life of the project as a result of differences arising during development of the human clinical trial protocols, including, among others:

- the number of patients that ultimately participate in the clinical trial;
- the duration of patient follow-up that seems appropriate in view of the results;

- the number of clinical sites included in the clinical trials; and
- the length of time required to enroll suitable patient subjects.

Due to the uncertainty regarding the timing and regulatory approval of clinical trials and pre-clinical studies, our future expenditures are likely to be highly volatile in future periods depending on the outcomes of the trials and studies. From time to time, we will make determinations as to how much funding to direct to these programs in response to their scientific, clinical and regulatory success, anticipated market opportunity and the availability of capital to fund our programs.

In developing our product candidates, we are subject to a number of risks that are inherent in the development of products based on innovative technologies. For example, it is possible that our vaccines may be ineffective or toxic, or will otherwise fail to receive the necessary regulatory clearances, causing us to delay, extend or terminate our product development efforts. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could cause our research and development expenditures to increase which, in turn, could have a material adverse effect on our results of operations and cash flows. Because of the uncertainties of clinical trials, estimating the completion dates or cost to complete our research and development programs is highly speculative and subjective. As a result of these factors, we are unable to accurately estimate the nature, timing and future costs necessary to complete the development of our product candidates. In addition, we are unable to reasonably estimate the period when material net cash inflows could commence from the sale, licensing or commercialization of such product candidates, if ever.

General and Administrative Expense

Our general and administrative expenses were $512,818 during the three months ended March 31, 2012, as compared to $661,813 during the three months ended March 31, 2011. General and administrative costs include officers' salaries, legal and accounting costs, patent costs, amortization expense associated with intangible assets, and other general corporate expenses. General and administrative expense includes stock-based compensation expense of $60,844 and $111,230 for the three months ended March 31, 2012 and 2011, respectively (see discussion under "Stock-Based Compensation Expense" below). The overall reduction in general and administrative expenses for the three months ended March 31, 2012, as compared to the 2011 period, is primarily due to lower legal, investor relations and stock-based compensation expenses. We expect that our general and administrative costs will increase in the future in support of expanded research and development activities and other general corporate activities.

Stock-Based Compensation Expense

We recorded stock-based compensation expense of $81,576 and $165,115 during the three months ended March 31, 2012 and 2011, respectively, which was allocated to research and development expense or general and administrative expense according to the classification of cash compensation paid to the employee, consultant or director to whom the stock compensation was granted. In addition to amounts related to the issuance of stock options to employees, the figures include amounts related to common stock and stock purchase warrants issued to consultants and financial advisors. For the three months ended March 31, 2012 and 2011, stock-based compensation expense was allocated as follows:

	Three Months Ended March 31,	
	2012	2011
General and Administrative Expense	$ 60,844	$ 111,230
Research and Development Expense	20,732	53,885
Total Stock-Based Compensation Expense	$ 81,576	$ 165,115

Other Income

Interest income for the three months ended March 31, 2012 and 2011 was $596 and $996, respectively. The variances between periods are primarily attributable to cash available for investment and interest rate fluctuations.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is limited primarily to interest income sensitivity, which is affected by changes in the general level of United States interest rates, particularly because a significant portion of our investments are in institutional money market funds. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income received without significantly increasing risk. Due to the nature of our short-term investments, we believe that we are not subject to any material market risk exposure.

Item 4 Controls and Procedures

Evaluation of disclosure controls and procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that the information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended (Exchange Act), is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to management, including the Chief Executive Officer and

Principal Financial and Accounting Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management has carried out an evaluation, under the supervision and with the participation of our Principal Executive Officer and our Principal Financial and Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15 as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting that occurred during the three months ended March 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II -- OTHER INFORMATION

Item1 Legal Proceedings

None.

Item 1A Risk Factors

For information regarding factors that could affect the our results of operations, financial condition or liquidity, see the risk factors discussed under “Risk Factors” in Item 1A of our most recent Annual Report on Form 10-K. See also “Forward-Looking Statements,” included in Item 2 of this Quarterly Report on Form 10-Q. There have been no material changes from the risk factors previously disclosed in our most recent Annual Report on Form 10-K.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 Defaults Upon Senior Securities

None.

Item 4 Mine Safety Disclosures

Not applicable

Item 5 Other Information

During the period covered by this report, there was no information required to be disclosed by us in a Current Report on Form 8-K that was not so reported, nor were there any material changes to the procedures by which our security holders may recommend nominees to our board of directors.

Item 6 Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger dated January 20, 2006 by and among GeoVax, Inc., GeoVax Acquisition Corp. and Dauphin Technology, Inc. (1)
2.2	First Amendment to Agreement and Plan of Merger (2)
2.3	Second Amendment to Agreement and Plan of Merger (3)
3.1	Certificate of Incorporation (4)
3.1.1	Certificate of Amendment to the Certificate of Incorporation of GeoVax Labs, Inc. filed April 13, 2010 (5)
3.1.2	Certificate of Amendment to the Certificate of Incorporation of GeoVax Labs, Inc. filed April 27, 2010 (6)
3.2	Bylaws (4)
4.1	Form of Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock, filed March 20, 2012 (7)
10.1*	Amendment to Securities Purchase Agreement and Consent of Holders of Series A Convertible Preferred Stock, dated April 13, 2012
31.1*	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
31.2*	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002
101**	The following financial information from GeoVax Labs, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets as of March 31, 2012 (unaudited) and December 31, 2011, (ii) Condensed Consolidated Statements of Operations (unaudited) for the three month periods ended March 31, 2012 and 2011 and for the period from inception (June 27, 2001) to March 31, 2012, (iii) Condensed Consolidated Statements of Cash Flows (unaudited) for the three month periods ended March 31, 2012 and 2011 and for the period from inception (June 27, 2001) to March 31, 2012, and (iv) Notes to Condensed Consolidated Financial Statements (unaudited).

* Filed herewith

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended and otherwise are not subject to liability under those sections

(1) Incorporated by reference from the registrant's Current Report on Form 8-K filed on January 24, 2006.
(2) Incorporated by reference from the registrant's Current Report on Form 8-K filed on July 13, 2006.
(3) Incorporated by reference from the registrant's Current Report on Form 8-K filed on October 4, 2006.
(4) Incorporated by reference from the registrant's Current Report on Form 8-K filed on June 23, 2008.
(5) Incorporated by reference from the registrant's Current Report on Form 8-K filed April 14, 2010.
(6) Incorporated by reference from the registrant's Current Report on Form 8-K filed April 28, 2010.
(7) Incorporated by reference from the registrant's Current Report on Form 8-K filed March 20, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

GEOVAX LABS, INC.
(Registrant)

Date:	May 14, 2012	By:	/s/ Mark W. Reynolds Mark W. Reynolds Chief Financial Officer (duly authorized officer and principal financial officer)

EXHIBIT INDEX

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