

BIOLARGO, INC.
Form 10-Q
August 15, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2014.

or

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 000-19709

BIOLARGO, INC.

(Exact name of registrant as specified in its charter)

The number of shares of the Registrant's Common Stock outstanding as of August 12, 2014 was 80,959,722 shares.

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Exhibit No. Description of Exhibit

4.1	Option to purchase common stock issued to Charles K. Dargan dated June 23, 2014 (1)
4.2*	Form of Warrant to Purchase Common stock issued to investors in Summer 2014 Private Securities Offering
10.01†	Engagement Extension Agreement dated as of June 23, 2014 between BioLargo, Inc. and Charles K. Dargan, II. (1)
10.2*	License Agreement
Exhibit 31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and Rules 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934
Exhibit 31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and Rules 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934
Exhibit 101.INS**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. XBRL Instance
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation
101.DEF**	XBRL Taxonomy Extension Definition
101.LAB**	XBRL Taxonomy Extension Labels

101.PRE** XBRL Taxonomy Extension Presentation

† Management contract or compensatory plan, contract or arrangement

* Filed herewith

** Furnished herewith

(1) Incorporated herein by reference from the Form 8-K filed by the Company on June 23, 2014.

Table Of Contents**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements****BIOLARGO, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****AS OF DECEMBER 31, 2013 AND JUNE 30, 2014**

	December 31, 2013	June 30, 2014 (unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$92,437	\$318,318
Accounts receivable, net of allowance	3,929	2,902
Inventory	29,830	24,730
Prepaid expense	—	45,000
Total current assets	126,196	390,950
OTHER ASSETS, net of amortization	40,997	35,537
TOTAL ASSETS	\$167,193	\$426,487
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$407,157	\$331,281
Note payable	325,000	50,000
Customer deposit	—	100,000
Total current liabilities	732,157	481,281
TOTAL LIABILITIES	732,157	481,281

COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (Note 12)

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STOCKHOLDERS' EQUITY (DEFICIT)

Convertible Preferred Series A, \$.00067 Par Value, 50,000,000 Shares Authorized, -0- Shares Issued and Outstanding, at December 31, 2013 and June 30, 2014.	—	—
Common Stock, \$.00067 Par Value, 200,000,000 Shares Authorized, 75,123,014 and 80,903,402 Shares Issued, at December 31, 2013 and June 30, 2014.	50,069	53,945
Additional Paid-In Capital	74,849,492	77,280,798
Accumulated Deficit	(75,327,603)	(77,448,410)
Non-controlling interest	(136,922)	58,873
Total Stockholders' Equity (Deficit)	(564,964)	(54,794)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$167,193	\$426,487

See accompanying notes to unaudited condensed consolidated financial statements

Table Of Contents**BIOLARGO, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2014**

	For the three-month periods		For the six-month periods	
	ended June 30, 2013	2014	ended June 30, 2013	2014
	(unaudited)(unaudited)		(unaudited)(unaudited)	
Revenue				
License revenue	\$100,000	\$ —	\$100,000	\$ —
Product revenue	19,983	21,086	34,346	30,373
Total revenue	119,983	21,086	134,346	30,373
Cost of goods sold	8,984	8,933	15,182	11,463
Gross (loss) margin	110,999	12,153	119,164	18,910
Costs and expenses				