REGENXBIO Inc.
Form 10-Q
August 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 001-37553

REGENXBIO Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	47-1851754 (I.R.S. Employer Identification No.)
9712 Medical Center Drive, Suite 100	
Rockville, MD (Address of principal executive offices)	20850 (Zip Code)

(240) 552-8181

(Registrant’s telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 x No o

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 o	Accelerated filer o
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

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 August 5, 2016, there were 26,465,379 outstanding shares of the registrant’s common stock, $0.0001 par value per share.

REGENXBIO INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe," "may," "will," "estimate," "continue," "anticipate," "design," "intend," "expect," "could," "plan," "potential," "predict," "seek the negative version of these words and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short- and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other important factors, including those described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on March 3, 2016. In light of these risks, uncertainties, assumptions and other factors, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q or our Annual Report on Form 10-K may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Forward-looking statements include, but are not limited to, statements about:

- the timing of enrollment, commencement and completion of our clinical trials;
- the timing and success of preclinical studies and clinical trials conducted by us and our development partners;
- the ability to obtain and maintain regulatory approval of our product candidates, and the labeling for any approved products;
- the scope, progress, expansion and costs of developing and commercializing our product candidates;
- our ability to obtain and maintain intellectual property protection for our product candidates and technology;
- our anticipated growth strategies;
- our expectations regarding competition;
- the anticipated trends and challenges in our business and the market in which we operate;
- our ability to attract or retain key personnel;
- the size and growth of the potential markets for our product candidates and the ability to serve those markets;
- the rate and degree of market acceptance of any of our product candidates;
- our ability to establish and maintain development partnerships;
- our expectations regarding our expenses and revenue;
- our expectations regarding regulatory developments in the United States and foreign countries; and
- the use or sufficiency of our cash and cash equivalents and needs for additional financing.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. All of our development timelines could be subject to adjustment depending on recruitment rates, regulatory agency review, and other factors that could delay the initiation and completion of our clinical trials. Any forward-looking statement made by us in this Quarterly Report on Form 10-Q speaks only as of the date of this report. Except as required by law, we disclaim any duty to update any of these forward-looking statements after the date such statements are made, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

We encourage you to read the discussion and analysis of our financial condition and our financial statements contained in this Quarterly Report on Form 10-Q. We also encourage you to read Item 1A of Part II this Quarterly Report on Form 10-Q, entitled "Risk Factors," which contains a more complete discussion of the risks and uncertainties

associated with our business. In addition to the risks described above and in Item 1A of Part II of this Quarterly Report on Form 10-Q, other unknown or unpredictable factors also could affect our results. There can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Therefore no assurance can be given that the outcomes stated in such forward-looking statements and estimates will be achieved.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

REGENXBIO INC.

BALANCE SHEETS

(unaudited)

(in thousands, except per share data)

	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$30,083	$54,116
Marketable securities	64,124	60,025
Accounts receivable	783	2,136
Prepaid expenses	1,480	1,020
Other current assets	1,437	851
Total current assets	97,907	118,148
Marketable securities	104,510	102,226
Property and equipment, net	2,864	538
Cost method investments	300	300
Restricted cash	225	—
Other assets	266	168
Total assets	$206,072	$221,380
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$2,076	$1,014
Accrued expenses and other current liabilities	7,073	3,198
Advance payments	—	127
Total current liabilities	9,149	4,339
Deferred rent, net of current portion	748	233
Total liabilities	9,897	4,572
Commitments and contingencies (Note 6)		
Stockholders' equity		
Preferred stock; $0.0001 par value; 10,000 shares authorized, and no shares issued and outstanding at June 30, 2016 and December 31, 2015	—	—
Common stock; $0.0001 par value; 100,000 shares authorized at June 30, 2016 and December 31, 2015; 26,463 and 26,313 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	3	3
Additional paid-in capital	272,476	269,144
Accumulated other comprehensive income (loss)	521	(719)
Accumulated deficit	(76,825)	(51,620)

Total stockholders' equity	196,175	216,808
Total liabilities and stockholders' equity	$206,072	$221,380

The accompanying notes are an integral part of these unaudited financial statements.

REGENXBIO INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues				
License revenue	$2,245	$470	$2,573	$570
License revenue from related party	—	1,000	—	1,000
Reagent sales	107	44	166	148
Grant revenue	23	(151)	29	289
Total revenues	2,375	1,363	2,768	2,007
Expenses				
Costs of revenues				
Licensing costs (including amounts to related parties)	449	294	515	314
Costs of reagent sales (including amounts to related parties)	49	16	79	49
Research and development (including amounts to related parties)	10,680	4,012	16,863	6,803
General and administrative (including amounts to related parties)	6,169	3,397	11,648	5,113
Other operating expenses (income)	(20)	(60)	(134)	17
Total operating expenses	17,327	7,659	28,971	12,296
Loss from operations	(14,952)	(6,296)	(26,203)	(10,289)
Other Income (Expense)				
Investment income	515	6	998	8
Interest expense	—	—	—	(20)
Total other income (expense)	515	6	998	(12)
Net loss	$(14,437)	$(6,290)	$(25,205)	$(10,301)
Other Comprehensive Income				
Unrealized gain on available-for-sale securities	246	—	1,240	—
Total other comprehensive income	246	—	1,240	—
Comprehensive loss	$(14,191)	$(6,290)	$(23,965)	$(10,301)
Reconciliation of net loss to net loss applicable to common stockholders				
Net loss	$(14,437)	$(6,290)	$(25,205)	$(10,301)
Net accretion and dividends on convertible preferred stock	—	(2,502)	—	(1,747)
Net gain on extinguishment of convertible preferred stock	—	—	—	759
Net loss applicable to common stockholders	$(14,437)	$(8,792)	$(25,205)	$(11,289)
Basic and diluted net loss per common share	$(0.55)	$(3.24)	$(0.96)	$(4.21)
Weighted-average basic and diluted common shares	26,362	2,712	26,344	2,679

The accompanying notes are an integral part of these unaudited financial statements.

REGENXBIO INC.

STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities		
Net loss	$(25,205)	$(10,301)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation expense	3,202	711
Net amortization of premiums and accretion of discounts on marketable debt securities	987	—
Depreciation and amortization	104	15
Unrealized foreign currency transaction gains	—	(7)
Imputed interest on related party promissory notes	—	13
Changes in operating assets and liabilities		
Accounts receivable	1,353	1,185
Prepaid expenses	(460)	(1,142)
Other current assets	(586)	—
Other assets	(98)	(40)
Accounts payable	930	585
Accrued expenses and other current liabilities	2,982	1,067
Other related party payables	—	(1,876)
Advance payments	(127)	(21)
Deferred rent	601	134
Net cash used in operating activities	(16,317)	(9,677)
Cash flows from investing activities		
Restricted cash	(225)	—
Purchases of marketable securities	(32,261)	—
Maturities of marketable securities	26,131	—
Purchases of property and equipment	(1,491)	(315)
Net cash used in investing activities	(7,846)	(315)
Cash flows from financing activities		
Proceeds from exercise of stock options	130	92
Proceeds from issuance of Series C convertible preferred stock, net of transaction costs	—	26,021
Proceeds from issuance of Series D convertible preferred stock, net of transaction costs	—	67,998
Issuance costs for initial public offering	—	(25)
Net cash provided by financing activities	130	94,086
Net increase (decrease) in cash and cash equivalents	(24,033)	84,094
Cash and cash equivalents		
Beginning of period	54,116	1,121
End of period	$30,083	$85,215
Supplemental cash flow information		
Cash paid for interest	$—	$7
Supplemental disclosures of non-cash investing and financing activities		

Purchases of property and equipment in accounts payable and accrued expenses	$939	$12
Deferred issuance costs for initial public offering in accrued expenses	$—	$1,031
Conversion of accrued service fees to related party into Series C convertible preferred stock	$—	$2,403
Conversion of related party promissory notes into Series C convertible preferred stock	$—	$1,389

The accompanying notes are an integral part of these unaudited financial statements.

REGENXBIO INC.

NOTES TO FINANCIAL STATEMENTS

(unaudited)

(in thousands, except per share data)

1. Nature of Business

REGENXBIO Inc. (the Company) was formed on July 16, 2008 in the state of Delaware as ReGenX, LLC, and on December 22, 2009, changed its name to ReGenX Biosciences, LLC. On September 16, 2014, the Company converted from a limited liability company (LLC) to a C-corporation, and changed its name to REGENXBIO Inc. The Company is a leading biotechnology company focused on the development, commercialization and licensing of recombinant adeno-associated virus (AAV) gene therapy. The Company's proprietary AAV gene delivery platform (NAV® Technology Platform) consists of exclusive rights to over 100 novel AAV vectors, including AAV7, AAV8, AAV9 and AAVrh10. The Company's NAV® Technology Platform is being applied by the Company, as well as by third-party licensees, in the development of product candidates for a variety of diseases with unmet needs.

Initial Public Offering

On September 22, 2015, the Company completed its initial public offering (IPO) whereby the Company sold 7,245 shares of common stock (inclusive of 945 shares of common stock sold by the Company pursuant to the full exercise of an option to purchase additional shares granted to the underwriters in connection with the offering) at a price of $22.00 per share. The shares began trading on The Nasdaq Global Select Market on September 17, 2015. The aggregate net proceeds received by the Company from the offering were $145,184, net of underwriting discounts and commissions and offering expenses payable by the Company. Upon the closing of the IPO, all outstanding shares of convertible preferred stock converted into 16,298 shares of common stock.

Liquidity and Risks

As of June 30, 2016, the Company had generated an accumulated deficit of $76,825 since inception. As the Company continues to incur losses, transition to profitability is dependent upon the successful development, approval and commercialization of its product candidates and achieving a level of revenues adequate to support the Company's cost structure. The Company may never achieve profitability, and unless and until it does, the Company will continue to need to raise additional capital. As of June 30, 2016, the Company had cash, cash equivalents and marketable securities of $198,717, which management believes is sufficient to fund operations for at least the next 12 months.

The Company is subject to risks common to companies in the biotechnology industry, including, but not limited to, development by the Company or its competitors of technological innovations, risks of failure of clinical trials, dependence on key personnel, protection of proprietary technology, compliance with government regulations and ability to transition from preclinical manufacturing to commercial production of products.

2. Summary of Significant Accounting Policies

Basis of Presentation and Unaudited Interim Financial Information

The accompanying financial statements are unaudited and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) of the Financial Accounting Standards Board (FASB). The interim unaudited financial statements have been prepared on the same basis as the annual audited financial statements as of and for the year ended December 31, 2015 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission (SEC) on March 3, 2016. Certain information and footnote disclosures required by GAAP which are normally included in the Company's annual financial statements have been condensed or omitted pursuant to SEC rules and regulations for interim reporting. In the opinion of management, the accompanying financial statements reflect all adjustments, which include all normal and recurring adjustments necessary for the fair statement of the Company's financial position as of June 30, 2016, and the results of its operations and its cash flows for the interim periods ended June 30, 2016 and 2015.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year, any other interim periods, or any future year or period. These interim financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2015, and the notes thereto, which are included in the Company's Annual Report on Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could materially differ from those estimates. Management considers many factors in selecting appropriate financial accounting policies and controls, and in developing the estimates and assumptions that are used in the preparation of these financial statements. Management must apply significant judgment in this process. In addition, other factors may affect estimates, including: expected business and operational changes, sensitivity and volatility associated with the assumptions used in developing estimates and whether historical trends are expected to be representative of future trends. The estimation process often may yield a range of potentially reasonable estimates of the ultimate future outcomes and management must select an amount that falls within that range of reasonable estimates. This process may result in actual results differing materially from those estimated amounts used in the preparation of the financial statements. Estimates are used in the following areas, among others: stock-based compensation expense, accrued research and development expenses and the fair value of financial instruments.

Restricted Cash

Restricted cash includes money market mutual funds used to collateralize an irrevocable letter of credit as required by the Company's lease agreement for its office space in New York, New York.

Fair Value of Financial Instruments

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. FASB ASC Topic 820, Fair Value Measurements and Disclosures (ASC 820), establishes a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality. The three levels of the fair value hierarchy are described below:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2—Valuations based on quoted prices for similar assets or liabilities in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3—Valuations that require inputs that reflect the Company's own assumptions that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair values of the Company's Level 2 instruments are based on quoted market prices or broker or dealer quotations for similar assets. These investments are initially valued at the transaction price and subsequently valued utilizing third party pricing providers or other market observable data. Please refer to Note 4 for further information on the fair value measurement of the Company's financial instruments.

Net Loss Per Share

The Company computes net loss per share in conformity with the two-class method required for participating securities. The Company considers all series of convertible preferred stock outstanding prior to the IPO to be participating securities. The holders of convertible preferred stock outstanding prior to the IPO were entitled to receive preferential dividends in the event that a dividend was to be paid to the holders of common stock, and did not have a contractual obligation to share in the losses of the Company. As such, the Company's net losses for the three and six months ended June 30, 2015 were not allocated to these participating securities. In connection with the IPO, all outstanding shares of convertible preferred stock were automatically converted into shares of common stock.

Basic net loss per share is calculated by dividing net loss applicable to holders of common stock by the weighted-average shares outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is calculated by adjusting weighted-average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period,

determined using the treasury-stock method. For purposes of the diluted net loss per share calculation, convertible preferred stock and stock options are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share, as their effect would be anti-dilutive. Contingently convertible shares in which conversion is based on non-market-priced contingencies are excluded from the calculations of both basic and diluted net loss per share until the contingency has been fully met. Accordingly, basic and diluted net loss per share were the same for all periods presented.

Recently Announced Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the accounting for credit losses for most financial assets and certain other instruments. The standard requires that entities holding financial assets and net investment in leases that are not accounted for at fair value through net income to be presented at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. The standard is effective for annual and interim periods beginning after December 15, 2019, with early adoption permitted for annual and interim periods beginning after December 15, 2018. The Company does not believe the application of this standard will have a material impact on the Company’s financial position or results of operations.

In May 2016, the FASB issued ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, which clarifies various aspects of Topic 606, including the assessment of collectability, presentation of sales taxes and other similar taxes collected from customers, the measurement date for transactions with non-cash consideration as well as transitional issues and other technical corrections regarding the adoption of new standards under Topic 606. The standard is effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted upon issuance. The Company is evaluating the application of this ASU, but has not yet determined the potential effects it may have on the Company’s financial statements.

In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which clarifies various aspects of Topic 606, including the identification of performance obligations and the implementation of licensing guidance. The standard is effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted upon issuance. The Company is evaluating the application of this ASU, but has not yet determined the potential effects it may have on the Company’s financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which is intended to simplify several aspects of the accounting for share-based payment awards including income tax consequences, classification of awards as either equity or liabilities and classification within the statement of cash flows. The standard is effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted upon issuance. The Company is evaluating the application of this ASU, but has not yet determined the potential effects it may have on the Company’s financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which supersedes FASB ASC Topic 840, Leases (Topic 840) and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted

upon issuance. The Company is evaluating the application of this ASU, but has not yet determined the potential effects it may have on the Company's financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which supersedes the current guidance to classify equity securities with readily determinable fair values into different categories and requires equity securities to be measured at fair value with changes in the fair value recognized through net income (loss). This guidance is effective for annual and interim periods beginning after December 15, 2017. The Company is evaluating the application of this ASU, but has not yet determined the potential effects it may have on the Company's financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, requiring management to evaluate whether events or conditions could impact an entity's ability to continue as a going concern and to provide disclosures if necessary. Management will be required to perform the evaluation within one year after the date that the financial statements are issued.

Disclosures will be required if conditions give rise to substantial doubt and the type of disclosure will be determined based on whether management's plans will be able to alleviate the substantial doubt. The ASU will be effective for the first annual period ending after December 15, 2016, and for annual periods and interim periods thereafter with early application permitted. The Company is evaluating the application of this ASU, but has not yet determined the potential effects it may have on the Company's financial statement disclosures.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606), which deferred the effective date of the guidance under ASU No. 2014-09 for entities by one year. The ASU is now effective for annual and interim reporting periods beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the application of this ASU, but has not yet determined the potential effects it may have on the Company's financial statements.

3. Marketable Securities

The following table presents a summary of the Company's marketable securities, which consist solely of available-for-sale securities:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
June 30, 2016				
Corporate bonds	$ 168,110	$ 551	$ (48)	$ 168,613
Common equity securities	3	18	—	21
	$ 168,113	$ 569	$ (48)	$ 168,634

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2015				
Corporate bonds	$ 157,977	$ 4	$ (759)	$ 157,222
Commercial paper	4,990			