

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

CEL SCI CORP

Form: 8-K

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Corporate Issuer CIK: 725363

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
 Securities Exchange Act of 1934

Date of Report (date of earliest event reported): December 23, 2020

CEL SCI CORP

(Exact name of Registrant as specified in its charter)

Colorado
 (State or other jurisdiction of incorporation)

001-11889
 (Commission File No.)

84-0916344
 (IRS Employer Identification No.)

8229 Boone Blvd., #802
Vienna, Virginia 22182
 (Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: (703) 506-9460

N/A
 (Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|---------------------|-------------------|---|
| Common Stock | CVM | NYSE American |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§204.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

On December 23, 2020, the board of directors (the "Board") of CEL-SCI Corporation (the "Company"), in consultation with management, concluded that the Company's previously issued unaudited condensed financial statements contained within the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2019, March 31, 2020, and June 30, 2020 should no longer be relied upon. Accordingly, the Company intends to restate the aforementioned financial statements by amending its quarterly reports on Form 10-Q for the quarters ended December 31, 2019, March 31, 2020, and June 30, 2020. The Company expects to file amended quarterly reports as soon as possible.

On October 1, 2019, the Company adopted Accounting Standards Codification (ASC) 842, *Leases*, and applied the standard's transition provisions to account for the build-to-suit lease for the Company's Multikine manufacturing facility. The lease for the manufacturing facility was signed in August 2007. When calculating the right of use (ROU) asset for this lease under ASC 842 during the preparation of the year-end financial statements, the Company determined that the opening Finance ROU asset and total stockholders' equity balances were understated by approximately \$2.04 million as of October 1, 2019, the date of adoption.

- The unamortized value of approximately \$0.6 million relating to the issuance of warrants to the landlord should have been capitalized and included as part of the Finance ROU asset as of October 1, 2019.
- The unamortized value of approximately \$1.4 million relating to a payment made to the landlord at lease inception, which the Company is recovering in the form of reduced rent, should have been capitalized and included as part of the Finance ROU asset as of October 1, 2019.

The changes do not impact any prior year's financial statements but are an adjustment to the opening Finance ROU asset and accumulated deficit balances effective October 1, 2019. As a result of the changes to the opening Finance ROU asset and accumulated deficit balances, the financial statements filed for the three quarterly reporting periods during 2020 will be adjusted as follows:

| BALANCE SHEET | As Reported | Adjustment | Corrected | % Impact |
|---|----------------------|---------------------|----------------------|-----------|
| Finance and Operating ROU Assets | \$ 14,066,247 | \$ 1,985,751 | \$ 16,051,998 | 14% |
| Property and equipment, net | 2,712,577 | - | 2,712,577 | 0% |
| Other Assets | 12,729,009 | - | 12,729,009 | 0% |
| Total Assets | \$ 29,507,833 | \$ 1,985,751 | \$ 31,493,584 | 7% |
| Finance and Operating Lease Liability | \$ 14,252,491 | - | 14,252,491 | 0% |
| Other Liabilities | 8,287,028 | - | 8,287,028 | 0% |
| Total stockholders' equity | 6,968,314 | 1,985,751 | 8,954,065 | 28% |
| Total liabilities and stockholders' equity | \$ 29,507,833 | \$ 1,985,751 | \$ 31,493,584 | 7% |

In addition, the cumulative effect adjustment to the opening accumulated deficit balance in the statement of stockholders' equity as of October 1, 2019 increased approximately \$2.0 million from approximately \$0.1 million (as reported) to approximately \$2.1 million (corrected).

| STATEMENT OF OPERATIONS | Three Months Ending December 31, 2019 | | | |
|-----------------------------|---------------------------------------|--------------------|-----------------------|-----------|
| | As Reported | Adjustment | Corrected | % Impact |
| Grant Income | \$ 35,506 | \$ - | \$ 35,506 | 0% |
| Operating Expenses | | | | |
| Research and Development | 4,196,613 | 56,200 | 4,252,813 | 1% |
| General and administrative | 2,638,896 | - | 2,638,896 | 0% |
| Total Operating Expenses | 6,835,509 | 56,200 | 6,891,709 | 1% |
| Operating loss | (6,800,003) | (56,200) | (6,856,203) | 1% |
| Interest expense, net | (250,783) | - | (250,783) | 0% |
| Other profit and loss items | 1,575,626 | - | 1,575,626 | 0% |
| Net loss | \$ (5,475,160) | \$ (56,200) | \$ (5,531,360) | 1% |

| BALANCE SHEET | As of March 31, 2020 | | | |
|---|----------------------|---------------------|----------------------|-----------|
| | As Reported | Adjustment | Corrected | % Impact |
| Finance and Operating ROU Assets | \$ 13,640,703 | \$ 1,929,551 | \$ 15,570,254 | 14% |
| Property and equipment, net | 3,286,273 | - | 3,286,273 | 0% |
| Other Assets | 17,790,250 | - | 17,790,250 | 0% |
| Total Assets | \$ 34,717,226 | \$ 1,929,551 | \$ 36,646,777 | 6% |
| Finance and Operating Lease Liability | \$ 14,022,236 | - | 14,022,236 | 0% |
| Other Liabilities | 8,486,481 | - | 8,486,481 | 0% |
| Total stockholders' equity | 12,208,509 | 1,929,551 | 14,138,060 | 16% |
| Total liabilities and stockholders' equity | \$ 34,717,226 | \$ 1,929,551 | \$ 36,646,777 | 6% |

| STATEMENT OF OPERATIONS | Three Months Ending March 31, 2020 | | | | Six Months Ending March 31, 2020 | | | |
|-----------------------------|------------------------------------|--------------------|-----------------------|-----------|----------------------------------|---------------------|------------------------|-----------|
| | As Reported | Adjustment | Corrected | % Impact | As Reported | Adjustment | Corrected | % Impact |
| Grant Income | \$ 298,726 | \$ - | \$ 298,726 | 0% | \$ 334,232 | \$ - | \$ 334,232 | 0% |
| Operating Expenses | | | | | | | | |
| Research and Development | 4,402,347 | 56,200 | 4,458,547 | 1% | 8,598,960 | 112,400 | 8,711,360 | 1% |
| General and administrative | 2,558,522 | - | 2,558,522 | 0% | 5,197,418 | - | 5,197,418 | 0% |
| Total Operating Expenses | 6,960,869 | 56,200 | 7,017,069 | 1% | 13,796,378 | 112,400 | 13,908,778 | 1% |
| Operating loss | (6,662,143) | (56,200) | (6,718,343) | 1% | (13,462,146) | (112,400) | (13,574,546) | 1% |
| Interest expense, net | (253,407) | - | (253,407) | 0% | (504,190) | - | (504,190) | 0% |
| Other profit and loss items | (2,117,802) | - | (2,117,802) | 0% | (542,176) | - | (542,176) | 0% |
| Net loss | \$ (9,033,352) | \$ (56,200) | \$ (9,089,552) | 1% | \$ (14,508,512) | \$ (112,400) | \$ (14,620,912) | 1% |

| BALANCE SHEET | As of June 30, 2020 | | | |
|---|----------------------|---------------------|----------------------|-----------|
| | As Reported | Adjustment | Corrected | % Impact |
| Finance and Operating ROU Assets | \$ 13,605,286 | \$ 1,873,351 | \$ 15,478,637 | 14% |
| Property and equipment, net | 3,762,633 | - | 3,762,633 | 0% |
| Other Assets | 24,666,948 | - | 24,666,948 | 0% |
| Total Assets | \$ 42,034,867 | \$ 1,873,351 | \$ 43,908,218 | 4% |
| Finance and Operating Lease Liability | \$ 14,157,390 | - | 14,157,390 | 0% |
| Other Liabilities | 8,862,537 | - | 8,862,537 | 0% |
| Total stockholders' equity | 19,014,940 | 1,873,351 | 20,888,291 | 10% |
| Total liabilities and stockholders' equity | \$ 42,034,867 | \$ 1,873,351 | \$ 43,908,218 | 4% |

| STATEMENT OF OPERATIONS | Three Months Ending June 30, 2020 | | | | Nine Months Ending June 30, 2020 | | | |
|-------------------------|-----------------------------------|------------|-----------|----------|----------------------------------|------------|-----------|----------|
| | As Reported | Adjustment | Corrected | % Impact | As Reported | Adjustment | Corrected | % Impact |

STATEMENT OF OPERATIONS

| | | | | | | | | |
|-----------------------------|------------------------|--------------------|------------------------|-----------|------------------------|---------------------|------------------------|-----------|
| Grant Income | \$ 195,874 | \$ - | \$ 195,874 | 0% | \$ 530,106 | \$ - | \$ 530,106 | 0% |
| Operating Expenses | | | | | | | | |
| Research and Development | 3,912,870 | 56,200 | 3,969,070 | 1% | 12,511,830 | 168,600 | 12,680,430 | 1% |
| General and administrative | 3,192,403 | - | 3,192,403 | 0% | 8,389,821 | - | 8,389,821 | 0% |
| Total Operating Expenses | 7,105,273 | 56,200 | 7,161,473 | 1% | 20,901,651 | 168,600 | 21,070,251 | 1% |
| Operating loss | (6,909,399) | (56,200) | (6,965,599) | 1% | (20,371,545) | (168,600) | (20,540,145) | 1% |
| Interest expense, net | (273,708) | - | (273,708) | 0% | (777,898) | - | (777,898) | 0% |
| Other profit and loss items | (3,037,672) | - | (3,037,672) | 0% | (3,579,848) | - | (3,579,848) | 0% |
| Net loss | \$ (10,220,779) | \$ (56,200) | \$ (10,276,979) | 1% | \$ (24,729,291) | \$ (168,600) | \$ (24,897,891) | 1% |

Management has determined that, as a result of the errors described above, management's previous conclusions regarding the effectiveness of the Company's disclosure controls and procedures as of December 31, 2019, March 31, 2020, and June 30, 2020 need to be modified. The Company will provide management's modified conclusions in the restated interim financial statements.

The Company's Audit Committee has discussed with BDO USA LLP, the Company's independent registered public accounting firm, the matters disclosed in this 8-K report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CEL-SCI CORPORATION

Date: December 29, 2020

By: /s/ Geert Kersten

Geert Kersten
Chief Executive Officer

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