RIGEL PHARMACEUTICALS INC
Form 10-Q
August 05, 2014
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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, 2014

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 0-29889

Rigel Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**94-3248524**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1180 Veterans Blvd. South San Francisco, CA	**94080**
(Address of principal executive offices)	(Zip Code)

(650) 624-1100

(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 (§232.405 of this chapter) 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 x
Non-accelerated filer o (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 July 30, 2014, there were 87,792,740 shares of the registrant s Common Stock outstanding.

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RIGEL PHARMACEUTICALS, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RIGEL PHARMACEUTICALS, INC.

CONDENSED BALANCE SHEETS

(In thousands)

	June 30, 2014 (unaudited)	December 31, 2013(1)
Assets		
Current assets:		
Cash and cash equivalents	$ 23,882	$ 20,854
Available-for-sale securities	152,148	191,121
Accounts receivable		5,750
Prepaid and other current assets	1,510	2,350
Total current assets	177,540	220,075
Property and equipment, net	3,430	4,455
Other assets	1,461	1,528
	$ 182,431	$ 226,058
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	$ 1,896	$ 3,903
Accrued compensation	3,172	2,849
Accrued research and development	2,770	1,588
Other accrued liabilities	731	746
Deferred rent, current portion	1,496	1,208
Total current liabilities	10,065	10,294
Long-term portion of deferred rent	6,570	7,439
Other long-term liabilities	63	74
Commitments and contingencies		
Stockholders equity:		
Preferred stock		
Common stock	88	88
Additional paid-in capital	1,062,571	1,057,390
Accumulated other comprehensive income	42	47
Accumulated deficit	(896,968)	(849,274)
Total stockholders equity	165,733	208,251
	$ 182,431	$ 226,058

(1) The balance sheet at December 31, 2013 has been derived from the audited financial statements included in Rigel s Annual Report on Form 10-K for the year ended December 31, 2013.

See Accompanying Notes.

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RIGEL PHARMACEUTICALS, INC.

CONDENSED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Contract revenues from collaborations	$	$ 1,400	$	$ 1,400
Costs and expenses:				
Research and development	20,063	19,393	36,932	39,708
General and administrative	5,393	4,892	10,909	10,287
Total costs and expenses	25,456	24,285	47,841	49,995
Loss from operations	(25,456)	(22,885)	(47,841)	(48,595)
Interest income	65	117	147	253
Net loss	$ (25,391)	$ (22,768)	$ (47,694)	$ (48,342)
Net loss per share, basic and diluted	$ (0.29)	$ (0.26)	$ (0.54)	$ (0.55)
Weighted average shares used in computing net loss per share, basic and diluted	87,532	87,147	87,529	87,144

See Accompanying Notes.

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RIGEL PHARMACEUTICALS, INC.

CONDENSED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net loss	$ (25,391)	$ (22,768)	$ (47,694)	$ (48,342)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale securities	4	(61)	(5)	(65)
Comprehensive loss	$ (25,387)	$ (22,829)	$ (47,699)	$ (48,407)

See Accompanying Notes.

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RIGEL PHARMACEUTICALS, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

	Six Months Ended June 30,	
	2014	**2013**
Operating activities		
Net loss	$ (47,694)	$ (48,342)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,278	1,297
Stock-based compensation expense	4,496	3,540
Changes in assets and liabilities:		
Accounts receivable	5,750	
Prepaid and other current assets	840	1,282
Other assets	67	115
Accounts payable	(2,007)	424
Accrued compensation	323	(4,072)
Accrued research and development	1,182	(103)
Other accrued liabilities	(15)	(252)
Deferred rent and other long term liabilities	(592)	(321)
Net cash used in operating activities	(36,372)	(46,432)
Investing activities		
Purchases of available-for-sale securities	(125,057)	(209,436)
Maturities of available-for-sale securities	164,025	227,876
Sales of available-for-sale securities		16,479
Capital expenditures	(253)	(925)
Net cash provided by investing activities	38,715	33,994
Financing activities		
Net proceeds from issuances of common stock	685	822
Net cash provided by financing activities	685	822
Net increase (decrease) in cash and cash equivalents	3,028	(11,616)
Cash and cash equivalents at beginning of period	20,854	33,484
Cash and cash equivalents at end of period	$ 23,882	$ 21,868

See Accompanying Notes.

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Rigel Pharmaceuticals, Inc.

Notes to Condensed Financial Statements

(unaudited)

In this report, Rigel, we, us and our refer to Rigel Pharmaceuticals, Inc.

1. Nature of Operations

We were incorporated in the state of Delaware on June 14, 1996. We are engaged in the discovery and development of novel, small-molecule drugs for the treatment of inflammatory and autoimmune diseases, as well as muscle disorders.

2. Basis of Presentation

Our accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), for interim financial information and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Act of 1933, as amended (Securities Act). Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed financial statements include only normal and recurring adjustments that we believe are necessary to fairly state our financial position and the results of our operations and cash flows. Interim-period results are not necessarily indicative of results of operations or cash flows for a full-year or any subsequent interim period. The balance sheet at December 31, 2013 has been derived from audited financial statements at that date, but does not include all disclosures required by U.S. GAAP for complete financial statements. Because all of the disclosures required by U.S. GAAP for complete financial statements are not included herein, these interim unaudited condensed financial statements and the notes accompanying them should be read in conjunction with our audited financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2013.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from these estimates.

3. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09 *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements under Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance under the ASC. The core principle of the ASU No. 2014-09 is that an entity should recognize revenue when it transfers promised 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. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU No. 2014-09 also requires additional disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. ASU No. 2014-09 will be effective fiscal years beginning after December 15, 2016 and early adoption is not permitted. ASU No. 2014-09 allows for either full retrospective or modified retrospective adoption. We are currently evaluating the transition method that will be elected and the potential impact of the adoption of ASU No. 2014-09 on our financial statements and cannot estimate the impact of adoption at this time.

4. Stock Award Plans

We have three stock option plans, our 2011 Equity Incentive Plan (2011 Plan), 2000 Equity Incentive Plan (2000 Plan) and 2000 Non-Employee Directors Stock Option Plan (Directors Plan), that provide for granting to our officers, directors and all other employees and consultants options to purchase shares of our common stock. We also have our Employee Stock Purchase Plan (Purchase Plan), where eligible employees can purchase shares of our common stock at a price per share equal to the lesser of 85% of the fair market value on the first day of the offering period or 85% of the fair market value on the purchase date. The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model which considered our stock price, as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, volatility, expected term, risk-free interest rate and dividends. We estimate volatility over the expected term of the option using historical share price performance. For expected term, we take into consideration our historical data of options exercised, cancelled and expired. The risk-free rate is based on

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the U.S. Treasury constant maturity rate. We have not paid and do not expect to pay dividends in the foreseeable future. In order to calculate stock- based compensation expense, we also estimate the forfeiture rate using our historical experience with options that cancel before they vest. We review our forfeiture rates each quarter and make any necessary changes to our estimates. We use the straight-line attribution method over the requisite employee service period for the entire award in recognizing stock-based compensation expense. In the first quarter of 2014, we granted certain performance-based stock options to purchase shares of our common stock which will vest upon the achievement of certain performance-based conditions. For the portion of the performance-based stock options of which the performance condition is considered probable of achievement, we recognized stock-based compensation expense on the related estimated fair value of such options on straight-line basis from the date of grant up to the date when we expect the performance condition will be probably achieved. For the performance conditions that are not considered probable of achievement at the grant date or upon quarterly evaluation period, prior to the event actually occurring, we will recognize the related stock-based compensation expense when the event occurs or when we can determine that the performance condition is probable of achievement. In those cases, we will recognize the change in estimate at the time we determine the condition is probable of achievement (by recognizing stock-based compensation expense as cumulative catch-up as if we had estimated at the grant date that the performance condition will be achieved) and recognize the remaining compensation cost up to the date when we expect the performance condition will be probably achieved, if any.

5. Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period and the number of additional shares of common stock that would have been outstanding if potentially dilutive securities had been issued. Potentially dilutive securities include a warrant to purchase our common shares and stock options and shares issuable under our stock award plans. The dilutive effect of these potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of our common stock can result in a greater dilutive effect from potentially dilutive securities.

During the periods presented, we had securities which could potentially dilute basic loss per share, but were excluded from the computation of diluted net loss per share, as their effect would have been antidilutive. These securities consist of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Outstanding options	17,417	15,681	17,417	15,681
Warrant	200	200	200	200
Purchase Plan	199	235	131	153
	17,816	16,116	17,748	16,034

6. Stock-based Compensation

Total stock-based compensation expense related to all of our share-based payments that we recognized for the three and six months ended June 30, 2014 and 2013 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Research and development	$ 1,189	$ 1,002	$ 2,503	$ 2,025
General and administrative	943	745	1,993	1,515
Total stock-based compensation expense	$ 2,132	$ 1,747	$ 4,496	$ 3,540

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. We have segregated option awards into the following three homogenous groups for the purposes of determining fair values of options: officers and directors, all other employees, and consultants.

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We determined weighted-average valuation assumptions separately for each of these groups as follows:

- Volatility We estimated volatility using our historical share price performance over the expected life of the option. We also considered other factors, such as implied volatility, our current clinical trials and other company activities that may affect the volatility of our stock in the future. We determined that at this time historical volatility is more indicative of our expected future stock performance than implied volatility.

- Expected term For options granted to consultants, we use the contractual term of the option, which is generally ten years, for the initial valuation of the option and the remaining contractual term of the option for the succeeding periods. We analyzed various historical data to determine the applicable expected term for each of the other option groups. This data included: (1) for exercised options, the term of the options from option grant date to exercise date; (2) for cancelled options, the term of the options from option grant date to cancellation date, excluding non-vested option forfeitures; and (3) for options that remained outstanding at the balance sheet date, the term of the options from option grant date to the end of the reporting period and the estimated remaining term of the options. The consideration and calculation of the above data gave us reasonable estimates of the expected term for each employee group. We also considered the vesting schedules of the options granted and factors surrounding exercise behavior of the option groups, our current market price and company activity that may affect our market price. In addition, we considered the optionee type (i.e., officers and directors or all other employees) and other factors that may affect the expected term of the option.

- Risk-free interest rate The risk-free interest rate is based on U.S. Treasury constant maturity rates with similar terms to the expected term of the options for each option group.

- Dividend yield The expected dividend yield is 0% as we have not paid and do not expect to pay dividends in the future.

Pursuant to FASB ASC 718, we are required to estimate the amount of expected forfeitures when calculating compensation costs. We estimated the forfeiture rate using our historical experience with non-vested options. We adjust our stock-based compensation expense as actual forfeitures occur, review our estimated forfeiture rates each quarter and make changes to our estimate as appropriate.

The following table summarizes the weighted-average assumptions relating to options granted pursuant to our equity incentive plans for the three and six months ended June 30, 2014 and 2013:

	Equity Incentive Plans Three Months Ended June 30,		Equity Incentive Plans Six Months Ended June 30,	
	2014	2013	2014	2013
Risk-free interest rate	2.2%	0.9%	2.1%	0.8%
Expected term (in years)	6.7	6.0	6.5	5.5
Dividend yield	0.0%	0.0%	0.0%	0.0%
Expected volatility	76.9%	83.8%	75.3%	73.9%

The exercise price of stock options is at the market price of our common stock on the date immediately preceding the date of grant. Options become exercisable at varying dates and generally expire 10 years from the date of grant. We granted options to purchase 3,397,275 shares of common stock during the six months ended June 30, 2014, with a grant-date weighted-average fair value of $2.35 per share. Of the 3,397,275 common stock options granted, 950,000 shares were related to performance-based stock option awards which will vest upon the achievement of certain corporate performance-based milestones related to the progress and success of the Phase 3 clinical program of fostamatinib in immune thrombocytopenic purpura (ITP). We granted options to purchase 2,109,941 shares of common stock during the six months ended June 30, 2013, with a grant-date weighted-average fair value of $4.00 per share. As of June 30, 2014, there was approximately $10.5 million of total unrecognized stock-based compensation cost, net of estimated forfeitures, related to unvested options granted under our equity incentive plans. At June 30, 2014, there were 7,151,106 shares of common stock available for future grant under our equity incentive plans and 9,426 options to purchase shares were exercised during the six months ended June 30, 2014.

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Employee Stock Purchase Plan

The fair value of awards granted under our Purchase Plan is estimated on the date of grant using the Black-Scholes option pricing model, which uses weighted- average assumptions. Our Purchase Plan provides for a twenty-four month offering period comprised of four six-month purchase periods with a look-back option. A look-back option is a provision in our Purchase Plan under which eligible employees can purchase shares of our common stock at a price per share equal to the lesser of 85% of the fair market value on the first day of the offering period or 85% of the fair market value on the purchase date. Our Purchase Plan also includes a feature that provides for a new offering period to begin when the fair market value of our common stock on any purchase date during an offering period falls below the fair market value of our common stock on the first day of such offering period. This feature is called a reset. Participants are automatically enrolled in the new offering period. We had a reset on January 2, 2014 because the fair market value of our stock on December 31, 2013 was lower than the fair market value of our stock on July 1, 2013, the first day of the offering period. We applied modification accounting in accordance with ASC Topic No. 718, *Stock Compensation*, to determine the incremental fair value associated with this Purchase Plan reset and will recognize the related stock-based compensation expense according to FASB ASC Subtopic No. 718-50, *Employee Share Purchase Plan*. The total incremental fair value for this Purchase Plan reset was approximately $577,000, and is being recognized from January 2, 2014 to December 31, 2015.

As of June 30, 2014, there were approximately 3,826,858 shares reserved for future issuance under the Purchase Plan. The following table summarizes the weighted-average assumptions related to our Purchase Plan for the six months ended June 30, 2014 and 2013. Expected volatilities for our Purchase Plan are based on the historical volatility of our stock. Expected term represents the weighted-average of the purchase periods within the offering period. The risk-free interest rate for periods within the expected term is based on U.S. Treasury constant maturity rates.

	Employee Stock Purchase Plan Six Months Ended June 30,	
	2014	**2013**
Risk-free interest rate	0.3%	0.2%
Expected term (in years)	1.7	1.4
Dividend yield	0.0%	0.0%
Expected volatility	66.0%	58.0%

7. Research and Development Accruals

We have various contracts with third parties related to our research and development activities. Costs that are incurred but not billed to us as of the end of the period are accrued. We make estimates of the amounts incurred in each period based on the information available to us and our knowledge of the nature of the contractual activities generating such costs. Clinical trial contract expenses are accrued based on units of activity. Expenses related to other research and development contracts, such as research contracts, toxicology study contracts and manufacturing contracts are estimated to be incurred generally on a straight-line basis over the duration of the contracts. Raw materials and study materials purchased for us by third parties are expensed at the time of purchase.

8. Corporate Collaborations

We have several active collaborations, none of which that we currently consider significant. Under these collaborations, which we enter into in the ordinary course of business, we received or may be entitled to receive upfront cash payments, progress-dependent contingent payments on events achieved by such partners and royalties on any net sales of products sold by such partners under the agreements. Total future contingent payments to us under all of these current collaborations could exceed $152.3 million if all potential product candidates achieved all of the payment triggering events under all of our current collaborations (based on a single product candidate under each agreement). Of this amount, up to $61.2 million relates to the achievement of development events, up to $53.6 million relates to the achievement of regulatory events and up to $37.5 million relates to the achievement of certain commercial or launch events. This estimated future contingent amount does not include any estimated royalties that could be due to us if any of these partners successfully commercialize the licensed products. Future events that may trigger payments to us under the agreements are based solely on our partners future efforts and achievements of specified development, regulatory or commercial events.

Since we do not control the research, development or commercialization of the product candidates generated under these collaborations, we are not able to reasonably estimate when, if at all, any contingent payments would become payable to us. As such, the contingent payments we could receive thereunder involve a substantial degree of risk to achieve and may never be received. Accordingly, we do not expect, and investors should not assume, that we will receive all or any portion of the potential contingent payments provided for under these collaborations and it is possible that we may never receive any additional significant contingent payments or royalties under these collaborations.

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In June 2012, we entered into an exclusive worldwide license agreement with AstraZeneca AB (AZ) for the development and commercialization of our program, R256, an inhaled janus kinase (JAK) inhibitor shown to inhibit interleukin (IL)-13 and IL-4 signaling, which is being investigated as a treatment for moderate to severe chronic asthma. AZ is responsible for beginning the first-in- human clinical studies for R256, and for designing and conducting the clinical development of the compound. AZ also has exclusive rights to commercialize R256 around the world. AZ paid us an upfront payment of $1.0 million in July 2012. Under the agreement, we were obligated to provide the following deliverables: (i) granting a license of rights to our program, and (ii) delivery of a small batch of compound to AZ. We concluded that these deliverables should be accounted for as separate units of accounting. As our obligations with respect to the deliverables were achieved by June 30, 2012, we recognized revenue of $1.0 million in the second quarter of 2012. On December 31, 2013, we earned revenue associated with the time-based non-refundable payment of $5.8 million from AZ in consideration for AZ s decision to continue its development of R256 in asthma.

In June 2011, we entered into an exclusive license agreement with BerGenBio AS (BerGenBio) for the development and commercialization of an oncology program, which is currently in Phase 1 development. BerGenBio is responsible for all activities it wishes to perform under the license we granted to it. In July 2012, we received a time-based payment of $500,000 from BerGenBio due to us on June 29, 2012, pursuant to the terms of the agreement. We recognized the payment as revenue in the second quarter of 2012.

In August 2002, we entered into a collaboration agreement with Daiichi Sankyo (Daiichi) to pursue research related to a specific target from a novel class of drug targets called ligases that control cancer cell proliferation through protein degradation, which is currently in Phase 1 development. In April 2013, we received a $1.4 million payment from Daiichi related to Daiichi s filing of an investigational new drug (IND) for an oncology compound. In January 2012, we received a $750,000 payment from Daiichi. To date, we have earned payments under this arrangement totaling $7.9 million. The research phase of this three-year collaboration expired in August 2005. Under the terms of the collaboration agreement, we retain the rights to co-develop and co- promote certain products resulting from this collaboration in North America, while Daiichi retains co-development and promotion rights in the remainder of the world.

9. Cash, Cash Equivalents and Available-For-Sale Securities

Cash, cash equivalents and available-for-sale securities consisted of the following (in thousands):

	June 30, 2014	December 31, 2013
Checking account	$ 401	$ 195
Money market funds	12,482	9,059
U. S. treasury bills	2,049	2,085
Government-sponsored enterprise securities	57,510	67,178
Corporate bonds and commercial paper	103,588	133,458
	$ 176,030	$ 211,975
Reported as:		
Cash and cash equivalents	$ 23,882	$ 20,854
Available-for-sale securities	152,148	191,121
	$ 176,030	$ 211,975

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Cash equivalents and available-for-sale securities include the following securities with unrealized gains and losses (in thousands):

June 30, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U. S. treasury bills	$ 2,047	$ 2	$	$ 2,049
Government-sponsored enterprise securities	57,496	22	(8)	57,510
Corporate bonds and commercial paper	103,562	30	(4)	103,588
Total	$ 163,105	$ 54	$ (12)	$ 163,147

December 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U. S. treasury bills	$ 2,083	$ 2	$	$ 2,085
Government-sponsored enterprise securities	67,160	29	(11)	67,178
Corporate bonds and commercial paper	133,431	33	(6)	133,458
Total	$ 202,674	$ 64	$ (17)	$ 202,721

As of June 30, 2014, the contractual maturities of our cash equivalents and available-for-sale securities were (in thousands):

	Years to Maturity	
	Within One Year	After One Year Through Two Years
U. S. treasury bills	$ 2,049	$
Government-sponsored enterprise securities	32,009	25,501
Corporate bonds and commercial paper	90,784	12,804
Total	$ 124,842	$ 38,305

As of June 30, 2014, our cash equivalents and available-for-sale securities had a weighted-average time to maturity of approximately 214 days. We view our available-for-sale portfolio as available for use in current operations. Accordingly, we have classified certain investments as available-for-sale securities on our balance sheet even though the stated maturity date of these securities may be more than one year from the current balance sheet date. We have the ability to hold all investments as of June 30, 2014 through their respective maturity dates. At June 30, 2014, we had no investments that had been in a continuous unrealized loss position for more than twelve months. As of June 30, 2014, a total of 19 individual securities had been in an unrealized loss position for twelve months or less and the losses were determined to be temporary. The gross unrealized losses above were caused by interest rate increases. No significant facts or circumstances have arisen to indicate that there has been any deterioration in the creditworthiness of the issuers of the securities held by us. Based on our review of these securities, including the assessment of the duration and severity of the unrealized losses and our ability and intent to hold the investments until maturity, there were no other-than-temporary impairments for these securities at June 30, 2014.

The following table shows the fair value and gross unrealized losses of our investments in individual securities that are in an unrealized loss position, aggregated by investment category (in thousands):