Xencor Inc
Form 10-Q
August 07, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

or

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

Commission file number: 001-36182

Xencor, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	20-1622502
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
111 West Lemon Avenue, Monrovia, CA	91016
(Address of Principal Executive Offices)	(Zip Code)

(626) 305-5900

(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 No

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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by checkmark 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

Indicate the number of shares of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at August 1, 2018
Common stock, $0.01 par value	55,826,112

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Xencor, Inc.

Quarterly Report on FORM 10-Q for the quarter ended June 30, 2018

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In this report, unless otherwise stated or the context otherwise indicates, references to "Xencor," "the Company," "we," "us," "our" and similar references refer to Xencor, Inc. The Xencor logo is a registered trademark of Xencor, Inc. This report also contains registered marks, trademarks and trade names of other companies. All other trademarks, registered marks and trade names appearing in this report are the property of their respective holders.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of federal securities laws. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Many of these statements appear, in particular, under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Forward-looking statements can often be identified by the use of terminology such as “subject to”, “believe”, “anticipate”, “plan”, “expect”, “intend”, “estir “project”, “may”, “will”, “should”, “would”, “could”, “can”, the negatives thereof, variations thereon and similar expressions, c discussions of strategy.

All forward-looking statements, including, without limitation, our examination of historical operating trends, are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but they are inherently uncertain. We may not realize our expectations, and our beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements. The following uncertainties and factors, among others (including those set forth under “Risk Factors”), could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- our plans to research, develop and commercialize our product candidates;
- our ongoing and planned clinical trials;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to identify additional products or product candidates with significant commercial potential that are consistent with our business objectives;
- the rate and degree of market acceptance and clinical utility of our products;
- the capabilities and strategy of our suppliers and vendors including key manufacturers of our clinical drug supplies;
- significant competition in our industry;

- costs of litigation and the failure to successfully defend lawsuits and other claims against us;

- our partners' ability to advance drug candidates into, and successfully complete, clinical trials;

- our ability to receive research funding and achieve anticipated milestones under our collaborations;

- our intellectual property position;

- loss or retirement of key members of management;

- costs of compliance and our failure to comply with new and existing governmental regulations;

- failure to successfully execute our growth strategy, including any delays in our planned future growth; and

- our failure to maintain effective internal controls.

The factors, risks and uncertainties referred to above and others are more fully described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and subsequent Quarterly Reports on Form 10-Q. Forward-looking statements should be regarded solely as our current plans, estimates and beliefs. You should not place undue reliance on forward-looking statements. We cannot guarantee future results, events, levels of activity, performance or achievements. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

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PART I — FINANCIAL INFORMATION

Item1. Financial Statements

Xencor, Inc.

Balance Sheets

(In thousands, except share amounts)

	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 35,292	$ 16,528
Marketable securities	220,116	207,603
Accounts receivable	1,283	1,142
Income tax receivable	762	—
Prepaid expenses and other current assets	12,074	5,606
Total current assets	269,527	230,879
Property and equipment, net	9,401	7,088
Patents, licenses, and other intangible assets, net	11,531	11,148
Marketable securities - long term	299,971	139,198
Income tax receivable	762	1,524
Loan receivable	—	86
Interest receivable	—	14
Other assets	265	265
Total assets	$ 591,457	$ 390,202
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 4,916	$ 6,869
Accrued expenses	5,923	5,480
Current portion of deferred rent	199	26
Deferred revenue	60,118	60,118
Income taxes	—	157
Total current liabilities	71,156	72,650
Deferred rent, less current portion	1,122	1,088
Total liabilities	72,278	73,738
Commitments and contingencies		
Stockholders' equity		
	—	—

Preferred stock, $0.01 par value: 10,000,000 authorized shares; -0- issued and outstanding shares at June 30, 2018 and December 31, 2017		
Common stock, $0.01 par value: 200,000,000 authorized shares at June 30, 2018 and December 31, 2017; 55,821,310 issued and outstanding at June 30, 2018 and 47,002,488 issued and outstanding at December 31, 2017	558	470
Additional paid-in capital	828,858	570,670
Accumulated other comprehensive loss	(2,008)	(1,808)
Accumulated deficit	(308,229)	(252,868)
Total stockholders' equity	519,179	316,464
Total liabilities and stockholders' equity	$ 591,457	$ 390,202

See accompanying notes.

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Xencor, Inc.

Statements of Comprehensive Loss

(unaudited)

(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue				
Collaborations, licenses and milestones	$ —	$ 12,500	$ —	$ 16,000
Operating expenses				
Research and development	23,332	16,919	49,418	31,967
General and administrative	4,958	4,091	9,520	8,903
Total operating expenses	28,290	21,010	58,938	40,870
Loss from operations	(28,290)	(8,510)	(58,938)	(24,870)
Other income (expenses)				
Interest income	2,486	1,038	3,643	2,095
Interest expense	(3)	(3)	(6)	(5)
Other income (expense)	(62)	30	(60)	30
Total other income, net	2,421	1,065	3,577	2,120
Loss before income taxes	(25,869)	(7,445)	(55,361)	(22,750)
Income tax expense	—	280	—	450
Net loss	(25,869)	(7,725)	(55,361)	(23,200)
Other comprehensive loss				
Net unrealized gain (loss) on marketable securities	193	(44)	(200)	201
Comprehensive loss	$ (25,676)	$ (7,769)	$ (55,561)	$ (22,999)
Basic and diluted net loss per common share	$ (0.46)	$ (0.17)	$ (1.07)	$ (0.50)
Basic and diluted weighted average common shares outstanding	55,678,990	46,767,759	51,738,348	46,683,744

See accompanying notes.

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Xencor, Inc.

Statement of Stockholders' Equity

(in thousands, except share data)

Stockholders' Equity	Common Stock Shares	Amount	Additional Paid in-Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2017	47,002,488	470	570,670	(1,808)	(287,286)	282,046
Adoption of ASC 606	—	—	—	—	34,418	34,418
Balance December 31, 2017 as revised	47,002,488	470	570,670	(1,808)	(252,868)	316,464
Sale of common stock, net of issuance cost	8,395,000	84	245,420	—	—	245,504
Issuance of common stock upon exercise of stock awards	397,270	4	2,911	—	—	2,915
Issuance of common stock under the Employee Stock Purchase Plan	26,552	—	504	—	—	504
Comprehensive loss	—	—	—	(200)	(55,361)	(55,561)
Stock-based compensation	—	—	9,353	—	—	9,353
Balance, June 30, 2018 (unaudited)	55,821,310	$ 558	$ 828,858	$ (2,008)	$ (308,229)	$ 519,179

See accompanying notes.

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Xencor, Inc.

Statements of Cash Flows

(unaudited)

(in thousands)

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities		
Net loss	$ (55,361)	$ (23,200)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,552	864
Amortization of premium on marketable securities	406	1,356
Stock-based compensation	9,353	6,607
Abandonment of capitalized intangible assets	50	225
Changes in operating assets and liabilities:		
Accounts receivable	(140)	(6,260)
Interest receivable	(595)	(158)
Prepaid expenses and other assets	(6,468)	(4,727)
Accounts payable	(1,953)	3,500
Accrued expenses	443	(2,708)
Income taxes	(157)	390
Deferred rent	206	(12)
Deferred revenue	—	701
Net cash used in operating activities	(52,664)	(23,422)
Cash flows from investing activities		
Purchase of marketable securities	(285,809)	(33,440)
Purchase of intangible assets	(882)	(1,092)
Purchase of property and equipment	(3,416)	(1,256)
Proceeds from sale and maturities of marketable securities	112,526	53,866
Loan receivable	86	(86)
Net cash provided by (used in) investing activities	(177,495)	17,992
Cash flows from financing activities		
Proceeds from issuance of common stock upon exercise of stock awards	2,915	1,680
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	504	442
Proceeds from issuance of common stock	260,245	—
Common stock issuance costs	(14,741)	—
Net cash provided by financing activities	248,923	2,122
Net increase (decrease) in cash and cash equivalents	18,764	(3,308)
Cash and cash equivalents, beginning of period	16,528	14,528
Cash and cash equivalents, end of period	$ 35,292	$ 11,220

Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 6	$ 5
Income taxes	$ 170	$ 60
Supplemental disclosures of non-cash investing activities		
Unrealized gain on marketable securities, net of tax	$ 200	$ 201

See accompanying notes.

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Xencor, Inc.

Notes to Financial Statements

(unaudited)

June 30, 2018

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements for Xencor, Inc. (the Company) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. Certain amounts in the prior period financial statements have been revised to conform to the presentation of the current period financial statements. See “Recent Accounting Pronouncements – Pronouncements Adopted in 2018.” The financial statements include all adjustments (consisting only of normal recurring adjustments) that the management of the Company believes are necessary for a fair presentation of the periods presented. The preparation of interim financial statements requires the use of management’s estimates and assumptions that affect reported amounts of assets and liabilities at the date of the interim financial statements and the reported revenues and expenditures during the reported periods. These interim financial results are not necessarily indicative of the results expected for the full fiscal year or for any subsequent interim period.

The accompanying unaudited interim financial statements and related notes should be read in conjunction with the audited financial statements and notes thereto included in the Company’s 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 28, 2018.

Use of Estimates

The preparation of interim financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, other comprehensive gain (loss) and the related disclosures. On an ongoing basis, management evaluates its estimates, including estimates related to its accrued clinical trial and manufacturing development expenses, stock-based compensation expense, intangible assets and related amortization. Significant estimates in these interim financial statements include estimates made for accrued research and development expenses, stock-based compensation expenses, intangible assets and related amortization.

Intangible Assets

The Company maintains definite-lived intangible assets related to certain capitalized costs of acquired licenses and third-party costs incurred in establishing and maintaining its intellectual property rights to its platform technologies and development candidates. These assets are amortized over their useful lives, which are estimated to be the remaining patent life or the contractual term of the license. The straight-line method is used to record amortization expense. The Company assesses its intangible assets for impairment if indicators are present or changes in circumstances suggest that impairment may exist. There were no impaired intangible assets at June 30, 2018.

Marketable Securities

The Company has an investment policy that includes guidelines on acceptable investment securities, minimum credit quality, maturity parameters and concentration and diversification. The Company invests its excess cash primarily in marketable securities issued by investment grade institutions.

The Company considers its marketable securities to be available-for-sale. These assets are carried at fair value and the unrealized gains and losses are included in accumulated other comprehensive income (loss). Accrued interest on marketable securities is included in marketable securities. If a decline in the value of a marketable security in the

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Company's investment portfolio is deemed to be other-than-temporary, the Company writes down the security to its current fair value and recognizes a loss as a charge against income. The Company reviews its portfolio of marketable securities, using both quantitative and qualitative factors, to determine if declines in fair value below cost are other-than-temporary.

Recent Accounting Pronouncements

Pronouncements Adopted in 2018

Effective January 1, 2018, the Company adopted Accounting Standards Codification Topic 606 (ASC 606), Revenue from Contracts with Customers, using the full retrospective transition method. Under this method, the Company is presenting its financial statements for the years ended December 31, 2016 and 2017 and applicable interim periods within the year ended 2017 as if ASC 606 had been effective for those periods.

Under ASC 606 an entity recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. A five-step model is used to achieve the core principle: (1) identify the customer contract, (2) identify the contract's performance obligations, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations and (5) recognize revenue when or as a performance obligation is satisfied. The Company applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. The new guidance provides that revenue recognition for performance obligations related to delivery of certain goods or services occurs when control over the good or service is transferred to the customer. In addition, the timing of revenue recognition from licensing of our intellectual property that are functional and are distinct performance obligations changed from being recognized over the term of access to our license or technology to being recognized at a point in time. See Note 11 "Prior-Period Financial Statements" for a complete discussion of the impact of adopting the new standard.

Effective January 1 2018, the Company adopted ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The adoption of this standard did not have an effect on its statements of cash flow.

Effective January 1, 2018, the Company adopted ASU No. 2017-09, Compensation – Stock Compensation (Topic 718). The standard applies when a company changes the terms of a stock compensation award granted to an employee. The Company did not have any modifications upon adopting the new standard; therefore, adoption of the new standard had no effect on the Company's financial statements.

Pronouncements Not Yet Effective

In February 2016, the FASB issued ASU 2016-02 Leases. The new guidance requires lessees to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for all leases not considered short term. The new standard will be effective for reporting periods beginning after December 15, 2018. In July 2018, the FASB issued ASU 2018-11, Lease (Topic 842): Targeted Improvements, which provides an alternative transition method of adoption, permitting the recognition of cumulative-effect adjustment to retained earnings on the date of adoption. We are currently evaluating our leases which includes a review of our lease expenses, which are primarily operating lease arrangements for our facilities in Monrovia and San Diego. We intend to adopt the standard on the effective date but have not yet selected a transition method.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the guidance on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities. The amendment is effective for fiscal years beginning after December 15, 2019 including interim periods within those fiscal years. The Company does not expect the adoption of this standard to have a material impact on its results of operations or financial position.

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In March 2017, the FASB issued ASU No. 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities, which amends the guidance on the amortization period of premiums on certain purchased callable debt securities. The amendment is effective for fiscal years beginning after December 31, 2018 with early adoption permitted. The Company will review the requirements of the standard but does not anticipate it will have a significant impact on its financial statements.

In February 2018, the FASB issued ASU No. 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, an amendment which permits companies to reclassify the income tax effects of the 2017 Tax Cut and Jobs Act (TCJA) on items within accumulated other comprehensive income to retained earnings. The standard is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. The Company does not anticipate the new guidance will have a significant impact in its financial statements.

In June 2018, the FASB issued ASU No. 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which expands the scope of Topic 718 to include share-based payments issued to nonemployees for goods and services. The standard is effective for fiscal years beginning after December 15, 2018 and interim periods within such fiscal year. The Company does not anticipate that the standard will have a significant impact on its financial statements.

There have been no other material changes to the significant accounting policies previously disclosed in the Company's 2017 Annual Report on Form 10-K.

2. Fair Value of Financial Instruments

Financial instruments included in the financial statements include cash equivalents, marketable securities, accounts receivable, accounts payable and accrued expenses. Marketable securities and cash equivalents are carried at fair value. The fair value of the other financial instruments closely approximates their fair value due to their short term maturities.

The Company accounts for recurring and non-recurring fair value measurements in accordance with FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosure about fair value measurements. The ASC 820 hierarchy ranks the quality of reliable inputs, or assumptions, used in the determination of fair value and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

Level 1—Fair Value is determined by using unadjusted quoted prices that are available in active markets for identical assets or liabilities.

Level 2—Fair Value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in markets that are not active. Related inputs can also include those used in valuation or other pricing models, such as interest rates and yield curves that can be corroborated by observable market data.

Level 3—Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgments to be made by the reporting entity –e.g. determining an appropriate discount factor for illiquidity associated with a given security.

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The Company measures the fair value of financial assets using the highest level of inputs that are reasonably available as of the measurement date. The assets recorded at fair value are classified within the hierarchy as follows for the periods reported (in thousands):

	June 30, 2018			December 31, 2017		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
Money Market Funds	$ 31,144	$ 31,144	$ —	$ 5,175	$ 5,175	$ —
Corporate Securities	96,102	—	96,102	123,270	—	123,270
Government Securities	423,985	—	423,985	223,530	—	223,530
	$ 551,231	$ 31,144	$ 520,087	$ 351,975	$ 5,175	$ 346,800

Our policy is to record transfers of assets between Level 1 and Level 2 at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. During the three and six months ended June 30, 2018 and 2017, there were no transfers between Level 1 and Level 2. The Company does not have any Level 3 assets or liabilities.

3. Net Loss Per Share

We compute net loss per common share by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period without consideration of common stock equivalents. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common stock equivalents outstanding for the period. The treasury stock method is used to determine the dilutive effect of the Company’s stock option grants. Potentially dilutive securities consisting of stock issuable under options and our 2013 Employee Stock Purchase Plan (ESPP) are not included in the diluted net loss per common share calculation where the inclusion of such shares would have had an antidilutive effect.

Basic and diluted net loss per common share is computed as follows (in thousands except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 (As Revised)	2018	2017 (As Revised)
	(in thousands, except share			

	and per share data)			
Numerator:				
Net loss attributable to common stockholders	$ (25,869)	$ (7,725)	$ (55,361)	$ (23,200)
Denominator:				
Weighted-average common shares outstanding used in computing basic and diluted net loss	55,678,990	46,767,759	51,738,348	46,683,744
Basic and diluted net loss per common share	$ (0.46)	$ (0.17)	$ (1.07)	$ (0.50)

For each of the three and six months ended June 30, 2018 and 2017 all outstanding potentially dilutive securities have been excluded from the calculation of diluted net loss per common share as the effect of including such securities would have been antidilutive.

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4. Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive loss. For the three and six months ended June 30, 2018 and 2017, the only component of other comprehensive loss is net unrealized gain (loss) on marketable securities. There were no material reclassifications out of accumulated other comprehensive loss during the three and six months ended June 30, 2018 and 2017.

5. Marketable Securities

The Company's marketable securities held as of June 30, 2018 and December 31, 2017 are summarized below:

June 30, 2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)				
Money Market Funds	$ 31,144	$ —	$ —	$ 31,144
Corporate Securities	96,756	—	(654)	96,102
Government Securities	425,329	21	(1,365)	423,985
	$ 553,229	$ 21	$ (2,019)	$ 551,231
Reported as				
Cash and cash equivalents				$ 31,144
Marketable securities				520,087
Total investments				$ 551,231

December 31, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)				
Money Market Funds	$ 5,175	$ —	$ —	$ 5,175
Corporate Securities	123,860	—	(590)	123,270
Government Securities	224,739	—	(1,209)	223,530
	$ 353,774	$ —	$ (1,799)	$ 351,975
Reported as				
Cash and cash equivalents				$ 5,175
Marketable securities				346,800
Total investments				$ 351,975

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The maturities of the Company’s marketable securities are as follows:

June 30, 2018	Amortized Cost	Estimated Fair Value
(in thousands)		
Mature in one year or less	$ 221,286	$ 220,116
Mature within two years	300,799	299,971
	$ 522,085	$ 520,087

The unrealized losses on available-for-sale investments and their related fair values as of June 30, 2018 and December 31, 2017 are as follows:

	Less than 12 months		12 months or greater	
June 30, 2018	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Corporate Securities	$ 63,850	$ (475)	$ 32,252	$ (179)
Government Securities				