

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2003, 2002, and 2001 and Cumulative from Inception (April 16, 1996) to December 31, 2003

	Years Ended December 31,			Cumulative From Inception (April 16, 1996) to December 31,
	2003	2002	2001	2003
Cash Flows from Operating Activities:				
Net loss	\$(4,350,680)	\$(4,420,069)	\$(4,012,548)	\$(16,791,152)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization expense	562,377	562,579	254,937	1,773,159
Compensation expense related to stock options issued	414,250	503,875	649,089	2,053,264
Loss on disposal of equipment			4,499	4,499
Changes in assets and liabilities:				
Prepaid expenses	(35,036)	(19,944)	144,620	(126,654)
Other assets and deposits	1,881	13,377	(9,056)	(94,742)
Accounts payable	36,673	(472,216)	426,703	149,984
Accrued expenses and other liabilities	(16,534)	(313,216)	389,077	218,471
Proceeds from cell tower lease	197,600			197,600
Net cash used in operating activities	<u>(3,189,469)</u>	<u>(4,145,614)</u>	<u>(2,152,679)</u>	<u>(12,615,571)</u>
Cash Flows from Investing Activities:				
Purchase of intellectual property			(88,854)	(265,741)
Additions to property and equipment	(23,387)	(634,325)	(7,768,417)	(8,585,168)
Increase in restricted cash	(3,655)	(8,594)	(351,536)	(363,785)
Net cash used in investing activities	<u>(27,042)</u>	<u>(642,919)</u>	<u>(8,208,807)</u>	<u>(9,214,694)</u>
Cash Flows from Financing Activities:				
Issuance of common stock – net				17,198,109
Principal payments under capital lease obligations			(27,047)	(112,168)
Proceeds from issuance of convertible preferred stock – net				3,350,799
Exercise of stock options		6,000	18,400	26,400
Repurchase of common stock				(141)
Proceeds from notes payable		407,705	5,522,295	5,980,000
Repayment of notes payable	(123,760)	(91,537)	(2,030,000)	(2,426,644)
Net cash (used in) provided by financing activities	<u>(123,760)</u>	<u>322,168</u>	<u>3,483,648</u>	<u>24,016,355</u>
Net (decrease) increase in cash and cash equivalents	(3,340,271)	(4,466,365)	(6,877,838)	2,186,090
Cash and cash equivalents – Beginning of period	5,526,361	9,992,726	16,870,564	
Cash and cash equivalents – End of period	<u>\$ 2,186,090</u>	<u>\$ 5,526,361</u>	<u>\$ 9,992,726</u>	<u>\$ 2,186,090</u>
Supplemental disclosure of cash flow information:				
Cash paid for taxes	\$ –	\$ –	\$ –	\$ 23,162
Cash paid for interest	\$ 196,064	\$ 219,602	\$ 86,324	\$ 508,676
Fair value of common stock used in connection with milestone payment	\$ 1,900	\$ –	\$ –	\$ 1,900
Fair value of shares of common stock used in connection with the acquisition of Gestation	\$ –	\$ –	\$ –	\$ 277,420
Notes issued in connection with the repurchase of common stock	\$ –	\$ –	\$ –	\$ 195,518
Equipment acquired under capital lease obligations	\$ –	\$ –	\$ –	\$ 112,168
Conversion of 1,410,000 shares of convertible preferred stock to 14,100,000 shares of common stock – net of issuance costs	\$ –	\$ –	\$ –	\$ 3,248,799

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