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

AMENDMENT NO. 1
TO
FORM 8-K/A

CURRENT REPORT

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

Date of Report (date of earliest event reported): **May 3, 2017**

Heat Biologics, Inc.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of incorporation)

001-35994	**26-2844103**
(Commission File Number)	*(IRS Employer Identification No.)*

801 Capitola Drive
Durham, NC 27713
(Address of principal executive offices and zip code)

(919) 240-7133
(Registrant's telephone number including area code)

N/A
(Former Name and Former Address)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12(b) 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☑

Explanatory Note

As previously reported in the Current Report on Form 8-K, filed by Heat Biologics, Inc. (the“Company” or “Heat”) with the Securities and Exchange Commission (“SEC”) on March 8, 2017 (the“Initial Form 8-K”), Heat entered into a Stock Purchase Agreement (the “Purchase Agreement”) with Pelican Therapeutics, Inc. (“Pelican”), a related party. As reported in the Current Report on Form 8-K, filed by the Company with the SEC on May 3, 2017 (the “May 2017 Form 8-K”), the closing of the transactions contemplated by the Purchase Agreement occurred on April 28, 2017, pursuant to which the Company acquired 80% of the outstanding stock of Pelican (the “Acquisition”).

This Amendment No. 1 on Form 8-K (“Amendment 1”) amends the May 2017 Form 8-K to include financial information required under Item 9.01, which was not previously filed with the May 2017 Form 8-K and which is permitted to be filed by amendment no later than 71 calendar days after the date on which the May 2017 Form 8-K was required to be filed. Except as stated in this Explanatory Note, no other information contained in the May 2017 Form 8-K is changed. This Amendment 1 should be read in connection with the Initial Form 8-K and the May 2017 Form 8-K, which provide a more complete description of the Acquisition.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

- The audited financial statements of Pelican as of and for the years ended December 31, 2016 and 2015 are filed as Exhibit 99.1 to this Amendment No. 1. The attached audited financial statements of Pelican have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

(b) Pro Forma Financial Information.

- The following unaudited pro forma condensed combined financial information of Pelican and Heat are filed as Exhibit 99.2 to this Amendment No. 1 and incorporated herein by reference:

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of BDO USA, LLP with respect to the audited financial statements of Pelican
99.1	Audited financial statements of Pelican as of and for the years ended December 31, 2016 and 2015
99.2	Unaudited pro forma condensed combined statements of operations for the year ended December 31, 2016 of Pelican and Heat

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.

Dated: July 10, 2017

HEAT BIOLOGICS, INC.

By:	/s/ Jeffrey Wolf
Name:	Jeffrey Wolf
Title:	Chairman, President and Chief Executive Officer

EXHIBIT 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-199274 and No. 333-214868) and Form S-8 (No. 333-193453, No. 333-196763, No. 333-207108 and No. 333-213133) of Heat Biologics, Inc. of our report dated July 10, 2017, relating to the financial statements of Pelican Therapeutics, Inc. which appears in this Form 8-K/A. Our report contains an explanatory paragraph regarding Pelican Therapeutics, Inc.'s ability to continue as a going concern.

/s/ BDO USA, LLP
Raleigh, North Carolina

July 10, 2017

Pelican Therapeutics, Inc.

Financial Statements

Years Ended December 31, 2016 and 2015

Contents

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421 Fayetteville Street
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Raleigh, NC 27601

Independent Auditor's Report

Board of Directors
Pelican Therapeutics, Inc.
Austin, Texas

We have audited the accompanying financial statements of Pelican Therapeutics, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pelican Therapeutics, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

BDO USA, LLP

July 10, 2017

Pelican Therapeutics, Inc.

Balance Sheets

December 31,	**2016**	2015
Assets		
Current Assets		
Cash and cash equivalents	**$ 87,443**	$ 84,076
Prepaid expenses	**14,861**	47,434
Total Current Assets	**102,304**	131,510
Noncurrent Assets		
Restricted cash	**16,183**	16,180
Total Assets	**$ 118,487**	$ 147,690
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	**$ 573,475**	$ 315,480
Deferred liabilities	**82,300**	44,600
Total Current Liabilities	**655,775**	360,080
Noncurrent Liabilities		
Related party accrued interest	**73,149**	56,535
Related party payable	**379,862**	334,862
Total Liabilities	**1,108,786**	751,477
Stockholders' Deficit		
Series 1 preferred stock, $0.0001 par value; 1,000,000 shares authorized; 0 shares issued and outstanding at December 31, 2016 and 2015	**—**	—
Common stock, $0.0001 par value; 100,000,000 shares authorized; 5,968,254 and 5,730,966 shares issued and outstanding as of December 31, 2016 and 2015, respectively	**597**	573
Additional paid-in capital	**2,051,789**	1,734,589
Accumulated deficit	**(3,042,685)**	(2,338,949)
Total Stockholders' Deficit	**(990,299)**	(603,787)
Total Liabilities and Stockholders' Deficit	**$ 118,487**	$ 147,690

See accompanying notes to financial statements.

Pelican Therapeutics, Inc.

Statements of Operations

Year Ended December 31,	**2016**	2015
Operating Expenses		
General administration	**$ 285,860**	$ 316,716
License expenses	**50,000**	40,000
Research and development	**351,177**	400,140
Total Operating Expenses	**687,037**	756,856
Loss from Operations	**(687,037)**	(756,856)
Other (Expense) Income		
Interest expense	**(16,725)**	(20,329)
Interest income	**26**	3
Other Expense, net	**(16,699)**	(20,326)
Net Loss	**$ (703,736)**	$ (777,182)

See accompanying notes to financial statements.

Pelican Therapeutics, Inc.

Statements of Stockholders' Deficit

	Series 1 Preferred Stock Shares	Series 1 Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance, January 1, 2015	—	$ —	5,130,261	$ 513	$ 981,343	$ (1,561,767)	$ (579,911)
Issuance of common stock, net of $19,431 issuance costs	—	—	398,380	40	450,620	—	450,660
Conversion of convertible debt	—	—	202,325	20	215,482	—	215,502
Stock-based compensation	—	—	—	—	87,144	—	87,144
Net loss	—	—	—	—	—	(777,182)	(777,182)
Balance, January 1, 2016	**—**	**$ —**	**5,730,966**	**$ 573**	**$ 1,734,589**	**$ (2,338,949)**	**$ (603,787)**
Issuance of common stock	**—**	**—**	**237,288**	**24**	**279,976**	**—**	**280,000**
Stock-based compensation	**—**	**—**	**—**	**—**	**37,224**	**—**	**37,224**
Net loss	**—**	**—**	**—**	**—**	**—**	**(703,736)**	**(703,736)**
Balance, December 31, 2016	**—**	**$ —**	**5,968,254**	**$ 597**	**$ 2,051,789**	**$ (3,042,685)**	**$ (990,299)**

See accompanying notes to financial statements.

Pelican Therapeutics, Inc.

Statements of Cash Flows

Year Ended December 31,		**2016**		2015
Operating Activities				
Net loss	**$**	**(703,736)**	$	(777,182)
Adjustments to reconcile net loss to net cash used by operating activities:		**37,224**		87,144
Stock-based compensation				
(Decrease) increase in cash arising from changes in operating assets and liabilities:				
Prepaid expenses		**32,573**		(47,434)
Restricted cash		**(3)**		(3)
Accounts payable		**257,995**		(29,203)
Deferred liabilities		**37,700**		28,700
Related party accrued interest		**16,614**		20,328
Related party payables		**45,000**		9,375
Net Cash Used by Operating Activities		**(276,633)**		(708,275)
Financing Activities				
Issuance of convertible debt		—		123,600
Issuance of common stock		**280,000**		450,660
Net Cash Provided by Financing Activities		280,000		574,260
Net Increase (Decrease) in Cash and Cash Equivalents		**3,367**		(134,015)
Cash and Cash Equivalents - Beginning of Year		**84,076**		218,091
Cash and Cash Equivalents - End of Year	**$**	**87,443**	$	84,076
Supplemental Cash Flow Disclosure:				
Interest paid	**$**	**111**	$	11,903
Conversion of notes payable	**$**	—	$	215,502

See accompanying notes to financial statements.

1. Organization

Pelican Therapeutics, Inc. (“Pelican” or the “Company”) was incorporated on April 23, 2009 in the state of Delaware under the name of Heat Biologics II, Inc. On October 2, 2012, the Company changed its name to Pelican Therapeutics, Inc. The Company is headquartered in Austin, Texas. Pelican is engaged in developing biologic agents that represent the tumor necrosis factor (“TNF”) based immunotherapy.

The Company’s products require clinical trials and approvals from regulatory agencies, as well as acceptance in the marketplace. The Company is also in the process of raising additional equity capital to support the completion of its development activities.

The Company’s activities are subject to significant risks and uncertainties, including failure to secure additional funding to operationalize the Company’s current technology before another company develops similar technology and failure to obtain patent approval for its technology.

2. Summary of Significant Accounting Policies

Basis of Accounting

Pelican prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Activities during the development stage include developing the business plan, raising capital, and developing the Company’s platform technology.

Going Concern

As reflected in the accompanying financial statements, the Company is in the development stage with limited operations. The Company incurred a net loss of $703,736 and negative cash flows from operations of $276,633 for the year ended December 31, 2016, a working capital deficiency of $553,471 and a stockholders’ deficit of $990,299 as of December 31, 2016. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company’s ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management expects to raise additional funds in advance of depleting the Company’s current funds. Management plans to raise funds by: (1) licensing technologies or products to one or more collaborative partners, (2) renegotiating third-party agreements, (3) securing additional debt financing, and/or (4) selling additional equity securities. Satisfying long-term liquidity needs may require the successful commercialization and/or partnering arrangements for the Company’s products and product candidates under development by the Company’s licenses and will require additional capital. If the Company incurs operating losses for longer than expected and/or the Company is unable to raise additional capital, the Company may become insolvent and be unable to continue operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash

The Company considers all cash and other highly liquid investments with initial maturities of three months or less from the date of purchase to be cash and cash equivalents. The Company had a restricted cash balance of $16,183 and $16,180 as of December 31, 2016 and 2015, respectively. The United States Patent and Trade Office (“USPTO”) requires the Company to maintain an account with a minimum of $1,000 to be used to pay fees associated with new trademarks of the Company. Additionally, the Company had a restricted cash balance to secure credit cards.

Concentration of Credit Risk

At times, cash balances may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurable limits. The Company has never experienced any losses related to these balances. All of the Company’s cash balances were fully insured at December 31, 2016. The Company does not believe it is exposed to significant credit risk on cash and cash equivalents.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company’s financial instruments, including cash and cash equivalents, restricted cash, and accounts payable approximated fair value due to their short maturities. The carrying value of the Company’s related party payable approximated fair value because the interest rates under those obligations approximated market rates of interest available to the Company for similar instruments.

As a basis for determining the fair value of certain of the Company’s financial instruments, the Company utilizes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level I – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level II – Observable inputs, other than Level I prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Revenue Recognition

The Company recognizes government grants when there is reasonable assurance that they will comply with the conditions attached to the grants and the grants will be received. The grants are recognized using an income approach and grant revenue is recognized as the related expenses are incurred. No revenue was recognized for the years ended December 31, 2016 and 2015.

Research and Development

Research and development costs are expensed as incurred. The Company has acquired exclusive licensing rights to intellectual property to further its research and development. These costs are expensed as incurred.

Marketing

Marketing costs are expensed as incurred. Marketing expense totaled $3,320 and $2,875 for the years ended December 31, 2016 and 2015, respectively, and are included as a part of general administration expenses in the accompanying statements of operations.

Income Tax

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of assets and liabilities and their respective tax bases, operating loss carryforwards, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Accounting for Income Taxes*, the Company reflects in the financial statements the benefit of positions taken in a previously filed tax return or expected to be taken in a future tax return only when it is considered 'more-likely-than-not' that the position taken will be sustained by a taxing authority. As of December 31, 2016 and 2015, the Company had no unrecognized income tax benefits and correspondingly there is no impact on the Company's effective income tax rate associated with these items. The Company's policy for recording interest and penalties relating to uncertain income tax positions is to record them as a component of income tax expense in the accompanying statements of income. As of December 31, 2016 and 2015, the Company had no such accruals.

Stock-Based Compensation

The Company accounts for stock-based compensation arrangements with employees and non-employees using a fair value method which requires the recognition of compensation expense for costs related to all stock-based payments, including stock options. The fair value method requires the Company to estimate the fair value of stock-based payment awards on the date of grant using an option pricing model.

Stock-based compensation costs are based on the fair value of the underlying option calculated using the Black-Scholes option-pricing model on the date of grant for stock options and recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. Determining the appropriate fair value model and related assumptions requires judgment, including estimating stock price volatility, forfeiture rates and expected term. The expected volatility rates are estimated based on the actual volatility of comparable public companies over the expected term. The expected term for the years ended December 31, 2016 and 2015 represents the average time that options are expected to be outstanding based on the mid-point between the vesting date and the end of the contractual term of the award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company has not paid dividends and does not anticipate paying a cash dividend in the foreseeable future and, accordingly, uses an expected dividend yield of zero. The risk-free interest rate is based on the rate of U.S. Treasury securities with maturities consistent with the estimated expected term of the awards. The measurement of non-employee share-based compensation is subject to periodic adjustments as the underlying equity instruments vest and is recognized as an expense over the period over which services are received.

Recent Accounting Pronouncements

In November 2016, the FASB issued Accounting Standards Update ("ASU") ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"), which require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The standard will be effective for fiscal years beginning after December 15, 2017. The Company does not anticipate ASU 2016-18 to have a material impact on the financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). The amendments in ASU 2016-09 simplify several aspects of the accounting for share-based payment transactions. The new guidance requires that excess tax benefits (which represent the excess of actual tax benefits received at the date of vesting or settlement over the benefits recognized over the vesting period or upon issuance of share-based payments) be recorded in the income statement as a reduction of income or income taxes when the awards vest or are settled. The new guidance also requires excess tax benefits to be classified as an operating activity in the statement of cash flows rather than as a financing activity. This standard was adopted during 2016 and did not have a material impact to the financial statements.

In February 2016, the FASB issued its final lease accounting standard, FASB *Leases* (Topic 842) ("ASU 2016-02"), which requires lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments and the right-of -use asset will be based on the lease liability, subject to adjustment such as for initial direct costs. For income statement purposes, the new standard retains a dual model similar to ASC 840, requiring lases to be classified as either operating or finance. For lessees, operating leases will result in straight-line expense (similar to current accounting by lessees for operating leases under ASC 840) while finance leases will result in a front-loaded expense pattern (similar to current accounting by lessees for capital leases under ASC 840). The standard will be effective for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of ASU 2016-02.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes, Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"), which eliminates the current requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, organizations will be required to classify all deferred tax assets and liabilities as noncurrent. This standard was adopted during 2016 and did not have a material impact to the financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements- Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which was intended to define management's responsibility to evaluate whether there is a substantial doubt about an organization ability to continue as a going concern and to provide related footnote disclosures. This standard was adopted during 2016 and did not have a material impact to the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). This standard is intended to improve, and converge with international standards, the financial reporting requirements for revenue from contracts with customers. The new standard will be effective for fiscal years beginning after December 15, 2017. The Company is currently evaluating the impact of this ASU on the financial statements.

3. Stockholders' Deficit

Authorized Capital

Pelican had authorized 10,000,000 shares of preferred stock (par value $0.0001) as of December 31, 2016. Of the 10,000,000 preferred stock shares authorized, 1,000,000 are designated as Series 1 Preferred Stock. There were zero shares of Series 1 Preferred Stock issued and outstanding as of December 31, 2016 and 2015.

Pelican had authorized 100,000,000 shares of common stock (par value $0.0001) as of December 31, 2016. Of the 100,000,000 common stock shares authorized, 5,968,254 and 5,730,966 shares are issued and outstanding as of December 31, 2016 and 2015, respectively.

Common Stock Warrants

On May 22, 2014, the Company issued warrants to purchase 35,898 shares of common stock non-employee placement agents in consideration for a private placement transaction. The warrants have an exercise price of $1.18 per share and expire five years from the issuance date. The fair value of the common stock warrants as of the issuance date was approximately $7,250. These warrants do not meet the criteria required to be classified as liability awards and therefore are treated as equity awards. No warrants have been exercised as of December 31, 2016.

Preferred Stock

Automatic Conversion

Each share of Preferred Stock automatically converts to common stock at the then effective conversion rate upon either (i) the date on which the Company closes on an underwritten public offering resulting in net proceeds to the Company of not less than $10 million, or (ii) the vote or written consent of the majority of the outstanding shares of Series 1 Preferred Stock.

Optional Conversion

The preferred stock is convertible into common stock at the option of the holder at any time. The conversion ratio for each share of the Series 1 Preferred Stock is its Original Issue Price ($0.75) divided by its Conversion Price, where the Conversion Price is initially its Original Issue Price ($0.75), as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like.

Dividends

The Preferred Stock has a priority with respect to dividend distributions and distributions upon liquidation. The Company cannot declare, pay, or set aside any dividends on shares of any other class or series of capital stock of the Company unless the holders of the Series 1 Preferred Stock first receive, or simultaneously receive, on a *pari passu* basis, a dividend on each outstanding share of Series 1 Preferred stock.

Liquidation

In the event of a liquidation, the holders of the Series 1 Preferred Stock are entitled to receive, before any payment to any other common stock holder, an amount per share equal to the greater of (i) $0.75 plus any dividends declared but unpaid or (ii) such amount per share as would have been payable had all shares of Series 1 Preferred Stock been converted into Common Stock prior to such liquidation, dissolution, or winding up of the Company. After the payment in full of the amounts set forth above, the Company's assets will be distributed ratably to all holders of common stock.

Voting Rights

Each holder of Preferred Stock is entitled to vote on all matters stockholders are entitled to vote upon and to cast the number of votes as shall equal the whole number of shares of common stock into which their shares of Preferred Stock are convertible.

4. Convertible Notes Payable

During 2013, the Company issued convertible notes amounting to $80,000 to investors, with an interest rate of 8%, and due upon the earlier of (a) a change in control; or (b) the closing of the next equity financing. The outstanding principal balance and unpaid accrued interest on the note payable were subject to automatic conversion into shares of the Company's next equity financing when the Company issues and sells equity securities with gross proceeds to the Company (including the conversion of the notes payable) of at least $2,500,000. The outstanding principal balance and unpaid accrued interest on the note payable were also convertible at any time upon the investors' election.

During 2015, the Company issued convertible notes amounting to $123,600 to investors, with an interest rate of 5%, and due April 2016. The outstanding principal balance and unpaid accrued interest on the note payable were subject to automatic conversion into shares of the Company's common stock when the Company sales shares of common stock to the public in a public offering with gross proceeds to the Company (including the conversion of the notes payable) of at least $5,000,000 or the Company's merger into a company with publicly traded shares of common stock. The outstanding principal balance and unpaid accrued interest on the note payable were also convertible at any time upon the investors' election.

In 2015, all investors elected to convert the outstanding principal balance and unpaid accrued interest on the notes payable into equity.

5. Stock-Based Compensation

Restricted Stock

During the years ended December 31, 2016 and 2015, the Company recognized $13,333 and $16,174, respectively, in share-based compensation expense related to the issuance of shares of restricted stock to non-employees (i.e., consultants) in exchange for services.

A summary of the unvested restricted stock activity is as follows:

	Shares	Weighted Average Grant Date Fair Value
Balance at January 1, 2015	80,548	$ 0.40
Vested	(33,333)	0.40
Balance at December 31, 2015	47,215	$ 0.40
Vested	**(33,333)**	**0.40**
Balance at December 31, 2016	**13,882**	**$ 0.40**

Equity Compensation Plan

In 2012, the Company adopted the 2012 Stock Incentive Plan (the "Plan") under which employees, officers, directors, and individual consultants and advisors are eligible to receive options, restricted stock, restricted stock units and other stock-based awards. Awards may be made under the Plan for up to 250,000 shares of common stock. In 2014, the Company amended the Plan to increase the total awards to 406,680 shares of common stock. In 2016, the Company amended the Plan to increase the total awards to 656,280 shares of common stock. Under the Plan, both incentive and non-qualified stock options could be granted under terms and conditions established by the Board of Directors. The exercise price for incentive stock options was the fair market value of the related common stock on the date the stock option was granted. Stock options granted under the Plan generally have terms of 10 years and have various vesting schedules.

The following table summarizes the components of the Company's stock-based compensation included in net loss:

Year Ended December 31,	**2016**	2015
Non-employee stock options	**$ 23,891**	$ 70,970
Restricted stock	**13,333**	16,174
Total stock-based compensation	**$ 37,224**	$ 87,144

Stock Options

The Company granted options in 2016 and 2015. The fair market value of the stock options at the date of grant was estimated using the Black-Scholes-Merton option-pricing model with the following assumptions:

December 31,	**2016**	2015
Risk-free interest rate	**0.58%**	0.58%
Expected volatility	**90.00%**	90.00%
Expected life (in years)	**6.25**	5.50
Expected dividend yield	**0%**	0%

The risk-free interest rate is based on U.S. Treasury interest rates at the time of the grant whose term is consistent with the expected life of the stock options. The Company used an average historical stock price volatility based on an analysis of reported data for a peer group of comparable companies that have issued stock options with substantially similar terms, as the Company did not have any trading history for its common stock. Expected term represents the period that the Company's stock option grants are expected to be outstanding. The Company elected to utilize the "simplified" method to value stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term of the option.

Expected dividend yield was considered to be 0% in the option pricing formula since the Company had not paid any dividends and had no plans to do so in the future. The forfeiture rate was considered to be none insofar as the historical experience of the Company is very limited. As required by ASC 718, *Compensation – Stock Compensation*, the Company will adjust the estimated forfeiture rate based upon actual experience.

The Company recognized stock-based compensation expense of $23,891 and $70,970, respectively, for the years ended December 31, 2016 and 2015 for the Company's stock option awards which was recorded as general administration expense in the accompanying statements of operations.

The following tables summarize the stock option activity for the years ended December 31, 2016 and 2015:

	Shares	**Weighted Average Exercise Price**
Outstanding at January 1, 2015	287,000	$ 0.95
Granted	143,491	1.18
Options at December 31, 2015	430,491	$ 1.03
Granted	**220,000**	**1.18**
Options at December 31, 2016	**650,491**	**$ 1.08**

The weighted average grant date fair value of stock options granted during the year ended December 31, 2016 and 2015 was $0.27 and $0.26, respectively, per share.

The following table summarizes information about stock options outstanding at December 31, 2016:

Options Outstanding			Options Exercisable		
Balance as of December 31, 2016	**Weighted Average Remaining Contractual Life (In Years)**	**Weighted Average Exercise Price**	**Balance as of December 31, 2016**	**Weighted Average Remaining Contractual Life (In Years)**	**Weighted Average Exercise Price**
650,491	**8.21**	**$1.08**	**428,978**	**7.72**	**$1.03**

As of December 31, 2016, the unrecognized stock-based compensation expense related to unvested stock options was approximately $57,945 that is expected to be recognized over a weighted average period of approximately 53 months.

The aggregate intrinsic value of stock options outstanding and exercisable at December 31, 2016 was $2,560. This amount is before applicable income taxes and represents the market price of the Company's common stock at December 31, 2016 less the grant price, multiplied by the number of stock options that had a grant price that is less than the market price. This amount represents the amount that would have been received by the optionees had these stock options been exercised on that date. During the years ended December 31, 2016 and 2015, the aggregate intrinsic value of stock options exercised was zero.

6. Income Taxes

The components of income tax expense (benefit) attributable to operations are as follows:

Year Ended December 31,	**2016**	2015
Current expense (benefit):		
Federal	**$ —**	$ —
State	**—**	—
Deferred expense (benefit):		
Federal	**—**	—
State	**—**	—
Total	**$ —**	$ —

The differences between the Company's income tax expense attributable to continuing operations and the expense computed at the 34% United States statutory income tax rate were as follows:

Year Ended December 31,	**2016**	2015
Federal income tax expense at statutory	**$ (239,000)**	$ (264,000)
State income taxes	**(14,000)**	(15,000)
Research and development credit	**(6,000)**	(2,000)
Other	**(1,000)**	(29,000)
Increase in valuation allowance	**260,000**	310,000
Income tax expense (benefit)	**$ —**	$ —

The income tax effects of temporary differences from continuing operations that give rise to significant portions of deferred income tax assets (liabilities) are presented below:

December 31,	**2016**	2015
Current:		
Accounts payable	**$ 195,000**	$ 41,000
Noncurrent:		
Deferred interest and liabilities	**-**	36,000
Related party expenses	**126,000**	100,000
Stock-based compensation	**49,000**	35,000
Research and development	**30,000**	23,000
Net operating losses	**814,000**	719,000
	1,214,000	954,000
Less: valuation allowance	**(1,214,000)**	(954,000)
Net deferred tax asset (liability)	**$ —**	$ —

The Company has approximately $2,300,000 of federal net operating carryovers that begin to expire in 2029 and $2,100,000 of North Carolina Net Economic Loss carryovers that begin to expire in 2027.

The Company files income tax returns in the United States federal jurisdiction and North Carolina. The Company is subject to examination by taxing authorities for the tax years ended December 31, 2012 through 2016.

7. License Agreements

License 03-31, 05-39

On June 26, 2009, Heat Biologics, Inc. assigned all rights and obligations of License Agreement 03-31, 05-39 to Pelican. All previous stock ownership and rights of the University of Miami and School of Medicine ("University") to participate in future stock offerings by Heat Biologics, Inc. were mutually terminated. Pelican agreed to issue the University 5% of each subsidiary's issued and outstanding common stock in each class and series on a fully-diluted basis, together with fully-dilutable common shares equal to 2.5% of the total number of shares in each class and series issued outstanding. As a result, the University owns 5.03% of Pelican's issued and outstanding common stock. For each agreement, the Company agreed to make minimum royalty payments of $10,000 for three years beginning 2010 due on the anniversary date of the agreements. Beginning in 2013, and thereafter for the life of the agreements, the minimum royalty payments shall be $20,000 due on the same date. Pelican is obligated to make milestone payments as follows: $150,000 due upon submission and approval of an IND and the completion of a Phase 1 clinical trial and $250,000 due upon the earlier of May 2022 or approval of an NDA. The Company has the right to terminate this Agreement without obligation for future unpaid milestones.

In August 2009, Pelican and the University entered into a second amendment ("Amendment 2") to License Agreement 03-31, 05-39 to extend the foregoing payment due dates for all past due license fees and patent costs.

In February 2010, Pelican and the University entered into a third amendment ("Amendment 3") to License Agreement 03-31, 05-39 to grant back to the University a certain non-exclusive license. In all other respects, the original agreement remained the same.

In October 2010, Pelican and the University entered into a fourth amendment ("Amendment 4") to License Agreement 03-31, 05-39 to grant to the licensor a non-exclusive license right for certain technology as research reagents and research tools.

License I-176

On December 12, 2010, Pelican entered into another license agreement ("I-176") with the University for one component of complimentary technology to the July 11, 2008 agreement. Pelican agreed to pay the University a license fee of $50,000 and a reimbursement of $15,797 for past patent fees. Pelican also agreed to make a minimum royalty payment of $10,000 during 2012 through 2014 and then $20,000 every year thereafter. Pelican is obligated to make milestone payments as follows: $150,000 due upon submission and approval of an IND and the completion of a Phase 1 clinical trial and $500,000 due upon the earlier of May 2022 or approval of an NDA. The Company has the right to terminate this Agreement without obligation for future unpaid milestones.

In August 2012, Pelican and the University entered into a second amendment ("I-176 Amendment 2") to License Agreement I-176 to extend the foregoing payment due dates for all past due license fees and patent costs.

License UMM-143

On November 19, 2013, Pelican entered into another license agreement ("UMM-143") with the University for an exclusive license of complimentary technology and patent rights. Pelican agreed to pay the University a license issue fee of $35,000, and agreed to make minimum royalty payments if the I-176 license agreement is terminated. No minimum royalty payments or milestone payments are due for any year in which the I-176 license agreement is in force. The Company has the right to terminate this Agreement without obligation for future unpaid milestones.

Future Minimum Royalty Payments

As of December 31, 2016, future minimum royalty payments under all licenses are as follows:

Year ending December 31,	Amount
2017	$ 40,000
2018	40,000
2019	40,000
2020	40,000
2021	20,000
Thereafter	60,000
Total	$ 240,000

8. Grant Awards

In May 2016, the Company entered into a Cancer Research Grant Contract ("Grant") with Cancer Prevention and Research Institute of Texas ("Institute") for research into the causes and cures for all types of cancer in humans; facilities for use in research into the causes and cures for cancer; research to develop therapies, protocols, medical pharmaceuticals, or procedures for the cure or substantial mitigation of all types of cancer; and cancer prevention and control programs. The contract term was effective as of June 1, 2016 and terminates on May 31, 2019. Under the terms of the Grant, the Institute will disburse proceeds not to exceed $15,245,222 to be used solely under the scope of work within the project, contingent upon the availability of grant funds. Grant proceeds will be required to be repaid if the Company relocates its principal place of business outside of the state of Texas. In addition, repayment of funds will be charged a 5% interest fee should the Company use the funds for which the grant was not intended, in violation of the contract, or in the event of early termination. The Company is required to have an amount of funds equal to one half of the amount of the grant to be disbursed each fiscal year of the contract term dedicated to the scope of work within the project. The proceeds are to be disbursed as demonstration of progress towards achievement of certain milestones are met. As of December 31, 2016, the Company had not received proceeds under the Grant.

Should research under the Grant result in a commercial sale of a product of service, the Company is required to make payments until the Institute received the aggregate amount of 400% of the grant award proceeds. As of December 31, 2016, no such sales were made.

9. Related Party Transactions

On June 25, 2012, Heat Biologics, Inc. sold its interest in the Company to outside investors. As part of the stock purchase agreement, the Company would remain responsible for repayment of all debt that was due to Heat Biologics, Inc., which was estimated to be $276,845. This debt, along with annual accrued interest of 6%, is due seven years from the date of the stock purchase agreement. As of December 31, 2016 and 2015, the Company had a noncurrent related party payable balance due to Heat Biologics, Inc. of $349,994 and $276,845, respectively, including accrued interest of $73,149 and $56,535.

As of December 31, 2016 and 2015, the Company had a related party payable balance due to Heat Biologics, Inc. of $103,017 and $58,017, respectively, which is recorded as a related party payable on the accompanying balance sheet.

10. Subsequent Events

Management has evaluated subsequent events for recognition or disclosure through June 30, 2017, which was the date that the financial statements were available to be issued.

On March 7, 2017, Heat Biologics, Inc. (“Heat”), a related party, entered into a Stock Purchase Agreement (the “Purchase Agreement”) with the Company, and certain stockholders in the Company to purchase 80% of the outstanding capital stock of the Company on a fully diluted basis. Subject to certain conditions, and in exchange for the 80% of the outstanding capital stock of the Company, Heat has agreed at the closing: (i) to pay to the Pelican stockholders that execute the Purchase Agreement an aggregate of $500,000, and (ii) to issue to the participating Pelican stockholders shares of Heat restricted common stock representing 4.99% of the outstanding shares of Heat common stock on the date of execution of the Purchase Agreement.

In April 2017, the Company hired a new chief executive officer (“CEO”). The CEO formerly provided services to the Company during 2016 without an employment agreement and left the Company in November 2016 without being compensated for these services. After rejoining the Company in April 2017, the Company agreed to pay the CEO $100,000 for the services he provided to the Company during 2016. This amount was not accrued for as of December 31, 2016 as the Company determined it was not probable as of the balance sheet date that this amount would be paid as it was contingent upon the Company receiving funding from the CPRIT grant and the fact the CEO was no longer employed by the Company as of December 31, 2016.

Management determined there were no additional subsequent events that require disclosure in the financial statements.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

As previously reported in the Current Report on Form 8-K, filed by Heat Biologics, Inc. ("Heat") with the Securities and Exchange Commission ("SEC") on March 8, 2017, Heat entered into a Stock Purchase Agreement (the "Purchase Agreement") with Pelican Therapeutics, Inc. ("Pelican"), a related party, and certain stockholders in Pelican (the "Initial Participating Pelican Stockholders") to purchase 80% of the outstanding capital stock of Pelican on a fully diluted basis (the "Acquisition"). As previously reported in the Current Report on Form 8-K, filed by Heat with the SEC on April 28, 2017 (the "Initial Form 8-K"), Heat closed the Acquisition (the "Closing") and additional Pelican stockholders executed Joinders to the Purchase Agreement (the "Additional Participating Pelican Stockholders," together with the Initial Participating Pelican Stockholders, collectively, the "Participating Pelican Stockholders"). Each Participating Pelican Stockholder exchanged approximately 84.7% of the shares of Pelican common stock held by such Participating Pelican Stockholder in exchange for a pro rata share of (i) an aggregate of 1,331,056 shares (the "Stock Consideration") of Heat restricted common stock, $0.0002 par value per share (the "Common Stock"), and (ii) aggregate cash consideration of $500,000 (the "Cash Consideration"), all of which is being held in escrow for a period of up to six (6) months to secure certain indemnification and other obligations of Pelican and the Participating Pelican Stockholders in connection with the Acquisition. The Cash Consideration will be reduced by the amount by which certain of Pelican's accrued liabilities are not satisfied for less than $250,000. All but two security holders of Pelican participated in the Acquisition.

In addition to the payments described above, under the terms of the Purchase Agreement, Heat agreed to cause Pelican to make cash payments to the Participating Pelican Stockholders upon the achievement of certain clinical and commercialization milestones, as well as low single digit royalty payments and payments upon receipt of sublicensing income:

(1) $2,000,000 upon Pelican's dosing of the first patient in its first Phase 1 trial for an oncology indication;
(2) $1,500,000 upon Pelican's dosing of the first patient in its first Phase 2 trial for an oncology indication;
(3) $3,000,000 upon successful outcome of the first Phase 2 trial for an oncology indication;
(4) $6,000,000 upon Pelican's dosing of the first patient in its first Phase 3 trial for an oncology indication;
(5) $3,000,000 upon Pelican's dosing of the first patient in its first Phase 3 trial for a non- oncology indication;
(6) $7,500,000 upon successful outcome of the first Phase 3 trial for an oncology indication;
(7) $3,000,000 upon successful outcome of the first Phase 3 trial for a non-oncology indication;
(8) $7,500,000 upon acceptance of a Biologics License Application (BLA) submission for an oncology indication;
(9) $3,000,000 upon acceptance of a BLA submission for a non-oncology indication;
(10) $7,500,000 upon first product indication approval in the United States or Europe for an oncology indication;
(11) $3,000,000 upon first product indication approval in the United States or Europe for a non- oncology indication; and

Pelican has been awarded a $15.2 million grant to fund preclinical and some clinical activities from the Cancer Prevention and Research Institute of Texas ("CPRIT"). The CPRIT grant is subject to customary CPRIT funding conditions. Heat will fund Pelican certain amounts to satisfy Pelican's matching fund obligation under the CPRIT Grant that will allow access to the first year of the grant funding in the amount of $1,820,462 from CPRIT. Heat has agreed to loan Pelican approximately $250,000 to pay Pelican's legal fees and expenses incurred in connection with the Acquisition.

The Purchase Agreement contains customary representations, warranties and covenants of Heat, Pelican and the Participating Pelican Stockholders. Subject to certain customary limitations, the Participating Pelican Stockholders have agreed to indemnify Heat and its officers and directors against certain losses related to, among other things, breaches of Pelican's and the Participating Pelican Stockholders' representations and warranties, certain specified liabilities and the failure to perform covenants or obligations under the Purchase Agreement.

Jeff Wolf, Heat's President, Chief Executive Officer and Chairman of the board of directors, and two entities controlled by him, Edward Smith, a member of Heat's board of directors, and an entity controlled by Mr. Smith, Taylor Schreiber, M.D., Ph.D., the Chairman of Heat's Scientific Advisory Board and an entity controlled by him, and Dr. Jasuja are Participating Pelican Stockholders, each of which sold approximately 84.7% of their shares of capital stock of Pelican in order to meet the 80% closing condition, on the same terms as the other Participating Pelican Stockholders. A limited liability company (the "LLC") of which Mr. Wolf was the managing member owned 61.1% of the outstanding capital stock of Pelican agreed to sell approximately 84.7% of its shares of capital stock of Pelican in order to meet the 80% closing condition, on the same terms as the other Participating Pelican Stockholders. Mr. Wolf, Mr. Smith, Dr. Schreiber and John Monahan, Ph.D., a member of the board of directors of Heat, directly and/or entities they controlled were members of the LLC. The LLC liquidated concurrently with the Closing and distributed to its members the right to receive the Cash Consideration and Stock Consideration being held in escrow for six months pursuant to the terms of the Purchase Agreement. Subject to the escrow, Mr. Wolf and entities he controls will receive a pro rata share of the Cash Consideration and an aggregate of 271,752 shares of Stock Consideration (inclusive of shares received upon liquidation of the LLC). In addition, subject to the escrow, a trust for the benefit of Mr. Wolf's children (for which Mr. Wolf does not serve as the trustee) will receive a pro rata share of the Cash Consideration and an aggregate of 117,729 shares of Stock Consideration (inclusive of shares received upon liquidation of the LLC). Subject to the escrow, Mr. Smith and an entity he controls will receive a pro rata share of the Cash Consideration and an aggregate of 345,753 shares of Stock Consideration (inclusive of shares received upon liquidation of the LLC). Subject to the escrow, Dr. Schreiber and an entity he controls will receive a pro rata share of the Cash Consideration and an aggregate of 44,443 shares of Stock Consideration (inclusive of shares received upon liquidation of the LLC). Subject to the escrow, Dr. Jasuja will receive a pro rata share of the Cash Consideration and an aggregate of 9,854 shares of Stock Consideration (inclusive of shares received upon liquidation of the LLC). Subject to the escrow, Dr. Monahan will receive a pro rata share of the Cash Consideration and an aggregate of 3,958 shares of Stock Consideration (inclusive of shares received upon liquidation of the LLC).

The following unaudited pro forma condensed combined financial information are based on Heat's historical consolidated financial statements and Pelican's historical financial statements as adjusted to give effect to the Company's acquisition of Pelican. The unaudited pro forma combined statement of operations for the year ended December 31, 2016 gives effect to the acquisition as if it had occurred on January 1, 2016 and combines the historical results of Heat and Pelican for the year ended December 31, 2016. The unaudited pro forma combined balance sheet as of December 31, 2016 assumes the acquisition took place on December 31, 2016 and combines the historical balance sheet of Heat and Pelican as of December 31, 2016.

The unaudited pro forma condensed combined financial information should be read in conjunction with th audited consolidated financial statements of Heat as of and for the year ended December 31, 2016 included in Heat's 2016 Annual Report on Form 10-K and audited financial statements of Pelican as of and for the year ended December 31, 2016.

The assumptions and estimates underlying the adjustments to the unaudited pro forma condensed combined financial information are described in the accompanying notes, which should be read together with the unaudited pro forma condensed combined financial information.

Unaudited Pro forma Condensed Combined Balance Sheet
(in thousands, except per share data)

	Historical			
	Heat 12/31/2016	Pelican 12/31/2016	Pro Forma Adjustments	Pro Forma 12/31/2016
Current Assets				
Cash and equivalents	$ 7,843	$ 87	$ (500) a	$ 7,430
Accounts receivable	82	—	—	82
Prepaid expenses and other current assets	338	15	—	353
Total Current Assets	8,263	102	(500)	7,865
Property and Equipment, net	360	—	—	360
				—
Other Assets				—
Restricted cash	101	16	—	117
Deposits	70	—	—	70
Related party receivable	103	—	(103) b	—
In process R&D	—	—	5,675 a,c	5,675
Goodwill	—	—	236 a	236
Total Assets	$ 8,897	$ 118	$ 5,308	$ 14,323
Liabilities and Stockholders' Equity				
Current Liabilities				
Accounts payable	$ 290	$ 573	$ —	$ 863
Accrued expenses and other liabilities	1,305	82	571 d	1,958
Total Current Liabilities	1,595	655	571	2,821
LongTterm Liabilities				
Related party accrued interest	—	73	(73) b	—
Related party payable	—	380	(380) b	—
Contingent consideration	—	—	2,385 a	2,385
Other long term liabilities	462	—	—	462
Total Liabilities	2,057	1,108	2,503	5,668
Commitments and Contingencies				
Common stock, Heat $.0002 par value; Pelican $0.0001 par value	5	1	(1) a	5
Additional paid-in capital	65,869	2,052	(1,000) a	66,921
Accumulated deficit	(57,005)	(3,043)	2,822 a,b,d	(57,226)
Accumulated other comprehensive loss	(72)	—	—	(72)
Total Stockholders' Equity - Heat Biologics	8,797	(990)	1,821	9,628
Non-Controlling Interest	(1,957)	—	984 a	(973)
Total Stockholders' Equity	6,840	(990)	2,805	8,655
Total Liabilities and Stockholders' Equity	$ 8,897	$ 118	$ 5,308	$ 14,323

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2016
(in thousands, except per share data)

	Historical				
	Heat 12/31/2016	Pelican 12/31/2016	Pro Forma Adjustments		Pro Forma 12/31/2016
Revenue					
Licensing revenue	$ 342	$ —	$ —		$ 342
Operating expenses:					
Research and development	9,331	351	—		9,682
General and administration	4,138	336	100	d	4,574
Total operating expenses	13,469	687	100		14,256
Loss from operations	(13,127)	(687)	—		(13,914)
Interest income	31	—	—		31
Other income, net	671	—	—		671
Interest expense	(549)	(17)	17	b	(549)
Total non-operaring income (expenses), net	153	(17)	17		153
Net loss	(12,974)	(704)	—		(13,761)
Net loss non-controlling interest	(401)	—	(141)	e	(542)
Net loss attributable to Heat Biologics, Inc.	$ (12,573)	$ (704)	$ (704)		$ (13,219)
Net loss per share attributable to Heat Biologics, Inc.					
basic and diluted	$ (0.71)				$ (0.70)
Weighted-average number of common shares used in net loss per share attributable to common stockholders					
basic and diluted	17,586,210	—	1,331,056	a	18,917,266

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 — Basis of presentation

On March 8, 2017, Heat Biologics, Inc. ("Heat") entered into a Stock Purchase Agreement with Pelican Therapeutics, Inc. ("Pelican") to purchase 80% of the outstanding capital stock of Pelican, on a fully diluted basis. On April 28, 2017, the Company completed the transaction contemplated by the Stock Purchase Agreement (the "Acquisition"). The initial purchase price consists of 1,331,056 shares of Heat restricted common stock and aggregate cash consideration of $500,000, subject to adjustment as set forth in the Stock Purchase Agreement, and cash consideration contingent upon achievement of certain clinical and commercialization milestones, as well as low single digit royalty payments and payments upon receipt of sublicensing income.

The unaudited pro forma condensed combined financial information was prepared based on historical financial information which was prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission Regulation S-X, and presents the pro forma results of operations of the combined companies based upon the historical data of Heat and Pelican. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016 gives effect to the acquisition as if it had occurred on January 1, 2016. The unaudited pro forma condensed combined balance sheet as of December 31, 2016 gives effect to the acquisition as if it had occurred on December 31, 2016.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and are not necessarily indicative of the operating results that would have been achieved had the Acquisition been completed as of the date indicated above or the results that may be attained in the future. The unaudited pro forma condensed combined financial information does not reflect any operating efficiencies and cost savings or expense that Heat may achieve or incur with respect to the combined companies.

The pro forma adjustments represent the Heat's preliminary determination of purchase accounting adjustments and are based upon available information and certain assumptions that Heat believes to be reasonable under the circumstances. The pro forma adjustments and certain assumptions are described in the accompanying notes. The allocation of the purchase price is preliminary and changes are expected as additional information becomes available.

The business combination was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations. As the acquirer for accounting purposes, Heat has estimated the fair value of Pelican's assets acquired and liabilities assumed and conformed the accounting policies of Pelican's to its own accounting policies.

Note 2 — Preliminary purchase price allocation

Heat has performed a preliminary valuation analysis of the fair market value of Pelican's assets and liabilities.The final purchase price allocation will be determined after completion of a thorough analysis to determine the fair value of all assets acquired and liabilities assumed but in no event later than one year following completion of the acquisition. Accordingly, the final acquisition accounting adjustments could differ materially from the pro forma adjustments presented herein. Any increase or decrease in the fair value of the assets acquired and liabilities assumed, as compared to the information shown herein, could also change the portion of purchase price allocated to goodwill and could impact the operating results of Heat following the acquisition due to differences in purchase price allocation, depreciation and amortization related to some of these assets and liabilities. The following tables summarize the total consideration and the allocation of the preliminary purchase price as of December 31, 2016 (in thousands, except share price information):

Common shares issued			1,331
Closing price	(1)	$	0.79
Fair value of stock consideraton		$	1,052
Cash consideration	(2)		500
Fair value of contingent consideration			2,385
Settlement of intercompany accounts			453
Total Consideration		$	4,390

(1) Stock price of $0.79 per share for Heat Biologics, Inc. stock based on the April 28, 2017 closing price.

(2) Assumes specified indebtedness amount is no greater than $250,000. The Cash Consideration will be reduced by the amount by which certain of Pelican's accrued liabilities are not satisfied for less than $250,000.

Contingent consideration is recorded as a liability and measured at fair value using a discounted cash flow model utilizing significant unobservable inputs including the probability of achieving each of the potential milestones and an estimated discount rate commensurate with the risks of the expected cash flows attributable to the various milestones. The material factors that may impact the fair value of the contingent consideration, and therefore this liability, are the probabilities of achieving the related milestones and the discount rate. The probability rate ranged from 23% to 80% dependent on the phase and/or milestone being achieved and with a discount rate that is equivalent to the return an investor would demand for taking on the risk associated with the assets. Significant increases or decreases in any of the probabilities of success would result in a significantly higher or lower fair value, respectively, and commensurate changes to this liability. The fair value of the contingent consideration, and the associated liability relating to the contingent consideration at each reporting date, will be updated by reflecting the changes in fair value reflected in the Company's statement of operations.

The Acquisition was accounted for as a business combination under the acquisition method of accounting in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 805, Business Combinations ("ASC 805"). Accordingly, the tangible assets and identifiable intangible assets acquired and liabilities assumed were recorded at fair value as of the date of acquisition, with the remaining purchase price recorded as goodwill.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed as if the acquisition had closed on December 31, 2016 (in thousands):

Current assets and restricted cash	$	118
In process R&D		5,675
Goodwill		029
Total assets acquired	$	6,133
Current liabilities		(655)
Non controlling interests		(984)
Net assets acquired	$	4,390

Note 3 — Pro forma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

(a) Represents the elimination of the historical equity of Pelican, the issuance of common shares as consideration, the fair value of non-controlling interest for the 20% of Pelican not owned by Heat and the preliminary allocation of purchase price.

(b) Represents the effective settlement of $453 thousand in related party payable and accrued interest payable recorded in Pelican's balance sheet and $103 thousand in related party receivable recorded in Heat's balance sheet. Accordingly, interest expense of $17 thousand recorded by Pelican in the December 31, 2016 statement of operations is also eliminated.

(c) As part of the preliminary valuation analysis, the Company identified intangible assets as in-process research and development (technology-based). The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires cash flows that can be reasonably forecasted to occur over the remaining useful life of the asset which are discounted back to the valuation date. Since all information required to perform a detailed valuation analysis of Pelican's intangible assets could not be obtained as of the date of this filing, for purposes of these unaudited pro forma condensed combined financial statements, the Company used certain assumptions including but not limited to client management sources, "Clinical Development Success Rates 2005-2016" and other publicly available transaction data for the industry.

(d) Represents the accrual for $461 thousand of acquisition costs incurred by Heat and the accrual for $100 thousand of consulting costs incurred by Pelican as of April 28, 2018.

(e) Represents 20% of Heat's non-controlling interest in the results of operations of Pelican.

(f) Heat and Pelican did not record an income tax provision during the year ended December 31, 2016 because each company incurred net losses during that year. Accordingly, no tax effects have been provided for the pro forma adjustments described above.