

NETWORK 1 TECHNOLOGIES INC
Form 10-Q
August 14, 2017

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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

For the transition period from _____ to _____

Commission File Number 1-15288

NETWORK-1 TECHNOLOGIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware

11-3027591

(State or Other Jurisdiction of Incorporation or Organization) (IRS Employer Identification No.)

445 Park Avenue, Suite 912
New York, New York 10022

(Address of Principal Executive Offices) (Zip Code)

212-829-5770
(Registrant's Telephone Number)

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

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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 every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§223.405) 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, or a smaller reporting company. See the definitions of "Large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth Company

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

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

The number of shares of the registrant's common stock, \$.01 par value per share, outstanding as of August 10, 2017 was 24,160,759.

NETWORK-1 TECHNOLOGIES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

NETWORK-1 TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2017	December 31, 2016
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$51,895,000	\$50,918,000
Marketable securities, available for sale	1,066,000	1,065,000
Royalty receivables, net	4,397,000	2,879,000
Prepaid taxes	—	1,195,000
Other current assets	44,000	83,000
Total Current Assets	57,402,000	56,140,000
OTHER ASSETS:		
Deferred tax assets	168,000	207,000
Patents, net of accumulated amortization	1,139,000	1,231,000
Security deposits	19,000	19,000
Total Other Assets	1,326,000	1,457,000
TOTAL ASSETS	\$58,728,000	\$57,597,000
LIABILITIES AND STOCKHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Accounts payable	\$156,000	\$171,000
Income taxes payable	640,000	—
Accrued contingency fees and related costs	1,646,000	2,681,000
Accrued payroll	292,000	1,748,000
Other accrued expenses	60,000	125,000
TOTAL LIABILITIES	2,794,000	4,725,000

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Preferred stock, \$0.01 par value, authorized 10,000,000 shares;

none issued and outstanding at June 30, 2017 and December 31, 2016 — —

Common stock, \$0.01 par value; authorized 50,000,000 shares;