

INNOVUS PHARMACEUTICALS, INC.

Form 10-Q

November 14, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 September 30, 2017

or

Transition Report Pursuant to Section 13 or 15(d) of the Exchange Act.

For the transition period from ____ to ____.

Commission File Number: 000-52991

INNOVUS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Nevada	90-0814124
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

8845 Rehco Road	92121
San Diego, CA	
(Address of Principal Executive Offices)	(Zip Code)

858-964-5123
(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 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 Rule 405 of Regulation S-T (Sec.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 nonaccelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer

Edgar Filing: INNOVUS PHARMACEUTICALS, INC. - Form 10-Q

Non-accelerated filer Smaller reporting company
Emerging growth company

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

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

As of November 10, 2017, the registrant had 164,434,088 shares of common stock outstanding.

TABLE OF CONTENTS

	Page
<u>PART I — FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	1
<u>Condensed Consolidated Balance Sheets at September 30, 2017 (Unaudited) and December 31, 2016</u>	1
<u>Condensed Consolidated Statements of Operations (Unaudited) for the Three and Nine Months Ended September 30, 2017 and 2016</u>	2
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2017 and 2016</u>	3
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	5
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	34
<u>Item 4. Controls and Procedures</u>	34
<u>PART II — OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	35
<u>Item 1A. Risk Factors</u>	35
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
<u>Item 3. Defaults Upon Senior Securities</u>	35
<u>Item 4. Mine Safety Disclosures</u>	35
<u>Item 5. Other Information</u>	35
<u>Item 6. Exhibits</u>	35
<u>Signatures</u>	36
<u>Index to Exhibits</u>	37

Table of ContentsINNOVUS PHARMACEUTICALS, INC.
Condensed Consolidated Balance Sheets

	September 30, 2017	December 31, 2016
ASSETS	(Unaudited)	
Assets:		
Cash	\$1,315,059	\$829,933
Accounts receivable, net	27,526	33,575
Prepaid expense and other current assets	265,217	863,664
Inventories	640,055	599,856
Total current assets	2,247,857	2,327,028
Property and equipment, net	31,442	29,569
Deposits	14,958	14,958
Goodwill	952,576	952,576
Intangible assets, net	4,430,572	4,903,247
Total assets	\$7,677,405	\$8,227,378
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expense	\$1,356,057	\$1,210,050
Accrued compensation	1,201,187	767,689
Deferred revenue and customer deposits	-	11,000
Accrued interest payable	21,353	47,782
Derivative liabilities – embedded conversion features	-	319,674
Derivative liabilities – warrants	74,151	164,070
Contingent consideration	54,959	170,015
Short-term loan payable	57,590	-

Edgar Filing: INNOVUS PHARMACEUTICALS, INC. - Form 10-Q

Current portion of notes payable, net of debt discount of \$71,531 and \$216,403, respectively	722,466	626,610
Convertible debentures, net of debt discount of \$0 and \$845,730, respectively	-	714,192
Total current liabilities	3,487,763	4,031,082
Accrued compensation – less current portion	1,531,904	1,531,904
Notes payable, net of current portion and debt discount of \$0 and \$468, respectively	-	54,517
Contingent consideration – less current portion	1,435,499	1,515,902
Total non-current liabilities	2,967,403	3,102,323
Total liabilities	6,455,166	7,133,405
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: 7,500,000 shares authorized, at \$0.001 par value, no shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	-	