

CYTODYN INC
Form 10-Q
January 11, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

x **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 30, 2015

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1933**
For the transition period from _____ to _____

Commission File Number: 000-49908

CYTODYN INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-3056237
(I.R.S. Employer or
Identification No.)

1111 Main Street, Suite 660

Vancouver, Washington
(Address of principal executive offices)

98660
(Zip Code)

(Registrant's telephone number, including area code) (360) 980-8524

(Former name, former address and former fiscal year, if changed since last report)

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 (Section 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, 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.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

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

On December 31, 2015 there were 98,937,430 shares outstanding of the registrant's \$.001 par value common stock.

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Cytodyn Inc.

Consolidated Balance Sheets

	November 30, 2015 (unaudited)	May 31, 2015
Assets		
Current assets:		
Cash	\$ 3,252,470	\$ 1,050,060
Prepaid expenses	260,059	253,833
Prepaid clinical service fees	587,833	733,916
Total current assets	4,100,362	2,037,809
Furniture and equipment, net	18,828	24,213
Intangibles, net	2,442,239	2,617,239
Total assets	\$ 6,561,429	\$ 4,679,261
Liabilities and Shareholders (Deficit)		
Current liabilities:		
Accounts payable	\$ 4,496,198	\$ 5,016,261
Accrued milestone payments	2,500,000	2,500,000
Accrued liabilities, salaries and interest payable	414,084	644,533
Accrued license fees	1,860,000	930,000
Convertible notes payable, net		1,634,458
Total current liabilities	9,270,282	10,725,252
Long-term liabilities:		
Related party, convertible note payable, net		2,637,618
Related party, derivative liability		2,008,907
Total liabilities	9,270,282	15,371,777
Shareholders (deficit):		
Series B convertible preferred stock, \$.001 par value; 400,000 shares authorized, 95,100 shares issued and outstanding at November 30, 2015 and May 31, 2015, respectively	95	95
Common stock, \$.001 par value; 200,000,000 shares authorized, 91,061,165 and 63,644,348 issued and outstanding at November 30, 2015 and May 31, 2015, respectively	91,061	63,644

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Additional paid-in capital	82,881,900	60,766,047
Accumulated (deficit)	(85,681,909)	(71,522,302)
Total shareholders (deficit)	(2,708,853)	(10,692,516)
Total liabilities and shareholders (deficit)	\$ 6,561,429	\$ 4,679,261

See accompanying notes to consolidated financial statements.

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CytoDyn Inc.

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2015	2014	2015	2014
Operating expenses:				
General and administrative	\$ 880,697	\$ 660,367	\$ 1,737,357	\$ 1,324,873
Amortization and depreciation	90,191	90,127	180,382	180,040
Research and development	1,661,069	2,087,323	6,970,309	4,150,467
Legal fees	261,822	153,863	663,211	290,884
Total operating expenses	2,893,779	2,991,680	9,551,259	5,946,264
Operating loss	(2,893,779)	(2,991,680)	(9,551,259)	(5,946,264)
Interest income	211	556	569	1,688
(Loss) on extinguishment of convertible notes			(584,177)	
Change in fair value of derivative liability		(805,575)	646,505	(805,575)
Interest expense:				
Amortization of discount on convertible notes	(1,114,901)	(688,465)	(2,121,491)	(1,044,340)
Amortization of debt issuance costs	(362,038)		(712,377)	
Amortization of discount on related party convertible notes		(60,699)	(94,344)	(60,699)
Inducement interest	(866,713)	(353,333)	(1,624,324)	(353,333)
Interest on notes payable	(27,373)	(84,718)	(118,709)	(154,911)
Total interest expense	(2,371,025)	(1,187,215)	(4,671,245)	(1,613,283)
(Loss) before income taxes	(5,264,593)	(4,983,914)	(14,159,607)	(8,363,434)